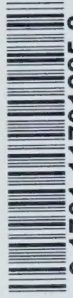


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Government
Publications

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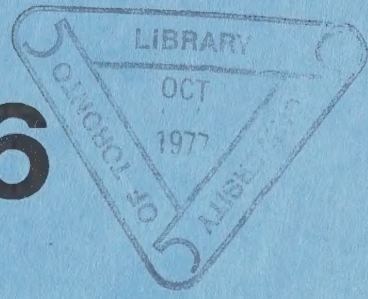
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Canadian Radio-television and
Telecommunications Commission

Conseil de la radiodiffusion et des
télécommunications canadiennes

1976



COMMENTS

COMMENTAIRES

Pay Television

Télévision à péage

VOLUME 1

Nos. 1 thru 29

Nos. 1 à 29

CAI
RTI
76P17

PAY TELEVISION / TELEVISION A PEAGE

COMMENTS / COMMENTAIRES

BY ALPHABETICAL ORDER/PAR ORDRE ALPHABETIQUE

COMMENTS / COMMENTAIRES	NUMBER / NUMERO	
	1976	1977
ALBERTA THEATRE PROJECTS Calgary, Alberta	14	
APPLEBY, DR. L.H. Quesnel, British Columbia	112	N- 7
ASDA COMMUNICATIONS CONSULTANTS Ottawa, Ontario	61	
ASSOCIATION CANADIENNE DE LA RADIO ET DE TELEVISION DE LANGUE FRANCAISE Trois-Rivières, Québec	83	
ASSOCIATION DES PRODUCTEURS DE FILMS DU QUEBEC Montréal, Québec	64	N-55
ASSOCIATION DES REALISATEURS DE FILMS DU QUEBEC Montréal, Québec	79	
ASSOCIATION OF TELEVISION PRODUCERS AND DIRECTORS Toronto, Ontario	36	
ASSOCIATION QUEBECOISE DES DISTRIBUTEURS DE FILMS Montréal, Québec	86	
ASTRAL BELLEVUE PATHE LTEE Montréal, Québec	54	N-20
BANGAY, MRS. E. Scarboro, Ontario	119	
BARTHOLOMEW, MICHAEL Toronto, Ontario	49	N-12
BASSETT, S. Toronto, Ontario	109	
BELL CANADA Montreal, Quebec	55	N-18
BINGSTED, GARY Scarboro, Ontario	2	N- 9
BMI CANADA LIMITED Don Mills, Ontario	50	
BOOK & PERIODICAL DEVELOPMENT COUNCIL Toronto, Ontario	101	
BOYD, PAUL Vancouver, British Columbia	84	

COMMENTS/COMMENTAIRES	NUMBER/NUMERO	
	1976	1977
BRITISH COLUMBIA FILM INDUSTRY ASSOCIATION Vancouver, British Columbia	110	
BRITISH COLUMBIA TELEVISION BROADCASTING SYSTEM LTD. Vancouver, British Columbia	62	N-27
BROADBAND COMMUNICATIONS NETWORKS LIMITED Toronto, Ontario	71	
BROWN, COLIN N. Willowdale, Ontario	6	N- 2
CABLECASTING LIMITED Toronto, Ontario	82	
CABLE TV LTD. Montreal, Québec	85	
CANADIAN ACTORS' EQUITY ASSOCIATION Toronto, Ontario	73	
CANADIAN ANIMATION PRODUCERS ASSOCIATION Toronto, Ontario	1	
CANADIAN ASSOCIATION FOR ADULT EDUCATION Toronto, Ontario	70	
CANADIAN ASSOCIATION OF BROADCASTERS (THE) / L'ASSOCIATION CANADIENNE DES RADIODIFFUSEURS Ottawa, Ontario	38	N- 8
CANADIAN ASSOCIATION OF MOTION PICTURE PRODUCERS Toronto, Ontario	90	
CANADIAN AUTHOR'S ASSOCIATION Tantallon, Nova Scotia	24	
CANADIAN BROADCASTING CORPORATION/SOCIETE RADIO-CANADA Ottawa, Ontario	32	N-53
CANADIAN BROADCASTING LEAGUE/LIGUE DE LA RADIODIFFUSION CANADIENNE Ottawa, Ontario	52	N-14
CANADIAN CABLE TELEVISION ASSOCIATION/ASSOCIATION CANADIENNE DE TELEVISION PAR CABLE Ottawa, Ontario	39	N-25
CANADIAN CHILDREN'S MAGAZINE Victoria, British Columbia	111	
CANADIAN CONFERENCE OF THE ARTS / CONFERENCE CANADIENNE DES ARTS Toronto, Ontario	10	N-28
CANADIAN FILM AND TELEVISION ASSOCIATION/ ASSOCIATION CANADIENNE DE CINEMA-TELEVISION Toronto, Ontario	37	

COMMENTS/COMMENTAIRES	NUMBER/NUMERO	
	1976	1977
CANADIAN FILM DEVELOPMENT CORPORATION/SOCIETE DE DEVELOPPEMENT DE L'INDUSTRIE CINEMATOGRAPHIQUE CANADIENNE Montreal, Quebec	100	
CANADIAN FOOTBALL LEAGUE Toronto, Ontario	11	
CANADIAN GUILD OF POTTERS Toronto, Ontario	104	
CANADIAN MUSIC COUNCIL Ottawa, Ontario	103	
CANADIAN PUPPET FESTIVALS Chester, Nova Scotia	20	
CANWEST BROADCASTING LTD. Winnipeg, Manitoba	57	
CARROLL, BRIAN M. Ottawa, Ontario	94	
CHANNEL SEVENTYNINE LIMITED Toronto, Ontario	60	N-37
CHAPLIN, MRS. EILEEN J. Mississauga, Ontario	33	
CHUM LIMITED Toronto, Ontario	68	
CINEO PRODUCTIONS Toronto, Ontario	80	N-33
CONSUMER'S ASSOCIATION OF CANADA/ASSOCIATION DES CONSOMMATEURS DU CANADA Ottawa, Ontario	30	N-26
CONTINUING COMMITTEE ON RACE RELATIONS, MEDIA SUBCOMMITTEE Toronto, Ontario	4	N-44
CORPORATION CIVITAS LIMITEE/CIVITAS CORPORATION LIMITED Montréal, Québec	46	
CORPS OF CANADIAN (OVERSEAS) FIRE FIGHTERS (THE) Toronto, Ontario	23	
COUNCIL OF CANADIAN FILMMAKERS (THE) Toronto, Ontario	77	N-58
DIRECTORS GUILD OF CANADA Toronto, Ontario	51	
EDMONTON VIDEO LIMITED Edmonton, Alberta	44	
ELECTROHOME LIMITED Kitchener, Ontario	35	

COMMENTS/COMMENTAIRES	NUMBER/NUMERO	
	1976	1977
FRONT COMMUN SUR LES COMMUNICATIONS Montréal, Québec	113	
GERRIDZEN, MRS. S.I. Toronto, Ontario	117	
GIBBONS, MISS JACQUELINE Fredericton, New Brunswick	18	
GLOBAL TELEVISION NETWORK Don Mills, Ontario	58	N-57
GOVERNMENT OF ALBERTA, MINISTRY OF UTILITIES AND TELEPHONES Edmonton, Alberta	81	
GOVERNMENT OF NEWFOUNDLAND AND LABRADOR DEPARTMENT OF TRANSPORTATION AND COMMUNICATIONS St. John's, Newfoundland	107	N-54
GURION, STEVEN Toronto, Ontario	92	N- 3
HEMMINGS, TONY London, England	115	
HENDERSHOT, MISS L. Toronto, Ontario	118	
HOSSACK, MISS DONNA Vancouver, British Columbia	19	
INTER-CHURCH COMMUNICATION Toronto, Ontario	74	N-19
INTER-CHURCH TELEVISION (B.C.) Richmond, British Columbia	48	
JOINT BROADCAST COMMITTEE (ACA & ICA) Toronto, Ontario	63	N- 6
JOINT REPRESENTATION BY: AMERICAN FEDERATION OF MUSICIANS, ASSOCIATION OF CANADIAN TELEVISION AND RADIO ARTISTS, CANADIAN ACTORS' EQUITY ASSOCIATION AND THE CANADIAN LABOUR CONGRESS Ottawa, Ontario	31	
JOINT REPRESENTATION BY: ATLANTIC TELEVISION SYSTEM LIMITED, ATV CAPE BRETON LIMITED AND ATV NEW BRUNSWICK LIMITED Halifax, Nova Scotia	41	
JOINT REPRESENTATION BY: CNC P TELECOMMUNICATIONS AND AGRA INDUSTRIES LIMITED Toronto, Ontario & Montreal, Quebec	45	N-15
JOINT REPRESENTATION BY: CO-ORDINATING COMMITTEE OF THE CANADIAN CONFERENCE OF THE ARTS AND THE COUNCIL OF CANADIAN FILMMAKERS Toronto, Ontario	29	

COMMENTS/COMMENTAIRES

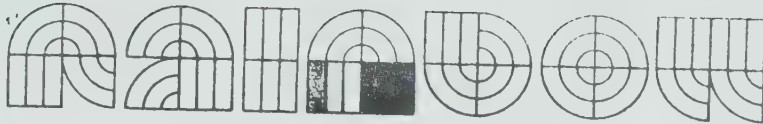
1976

1977

JOINT REPRESENTATION BY: MATCHOSIE FARM AND QUADRANT FILMS LTD. Victoria, British Columbia and Toronto, Ontario	97	
JOINT REPRESENTATION BY: MURRAY, B. PAUL & HIGGINS, PATRICIA Halifax, Nova Scotia	66	
JOINT REPRESENTATION BY: TRANS-CANADA TELEPHONE SYSTEM AND TELESAT CANADA Montreal, Quebec & Toronto, Ontario	53	N-30
JOLIMORE, W.L. Wolfville, Nova Scotia	17	
KASSNER, M.H. Ottawa, Ontario	65	
LARKIN, MR. AND MRS. J.M. Toronto, Ontario	116	
LEITERMAN, DOUGLAS Toronto, Ontario	87	
LINDSAY SPECIALITY PRODUCTS LIMITED Lindsay, Ontario	42	
MADDEN, W.L. Sechelt, British Columbia	69	
MARQUIS, RUTH Thornhill, Ontario	95	
MARWICK, STUART Toronto, Ontario	78	
MID-CANADA TELEVISION Sudbury, Ontario	47	
MI MEDIATRONICS INTERNATIONAL LTD. Richmond, British Columbia	5	
MOFFAT COMMUNICATIONS LIMITED Winnipeg, Manitoba	27	
MOTION PICTURE THEATRE ASSOCIATIONS OF CANADA Toronto, Ontario	26	N-51
NDWT COMPANY (THE) Toronto, Ontario	13	
NIAGARA CO-AXIAL LIMITED Stoney Creek, Ontario	3	
OFFICE DES COMMUNICATIONS SOCIALES Montréal, Québec	25	

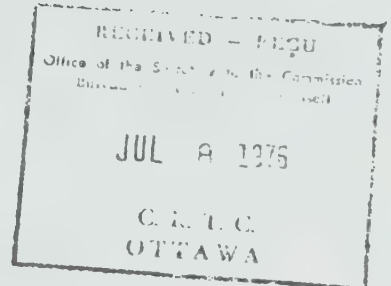
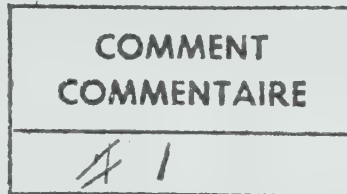
COMMENTS/COMMENTAIRES	NUMBER/NUMERO	
	1976	1977
ONTARIO EDUCATIONAL COMMUNICATIONS AUTHORITY (THE) Toronto, Ontario	98	
ORGANIZATION OF SASKATCHEWAN ARTS COUNCIL Estevan, Saskatchewan	67	
PEARSON, PETER Toronto, Ontario	9	
PRIVATE TELEVISION BROADCASTERS IN CANADA Toronto, Ontario	22	N-23
PRODUCTIONS MUTUELLES LIMITEE/MUTUAL PRODUCTIONS LIMITED Montréal, Québec	43	N-39
PROJECTIONS PRODUCTIONS LTD. Toronto, Ontario	21	
PRO-VISION LIMITED Halifax, Nova Scotia	108	
PTN PAY TELEVISION NETWORK LIMITED/RTP LE RESEAU DE TELEVISION A PEAGE LIMITEE Toronto, Ontario	28	N-13
LA RADIO DES PLAINES LTEE (CKVR) Drummondville, Québec	91	
RICHARD, JOHN D. Ottawa, Ontario	16	
ROBERTSON, H.G. Sechelt, British Columbia	105	
ROBINSON, GERALDINE Flesherton, Ontario	106	
ROSS, MRS. DULCIE A. Surrey, British Columbia	114	
SALTER, LIORA Vancouver, British Columbia	88	
SELKIRK HOLDINGS LIMITED Toronto, Ontario	76	N-40
SHANDREL, AEYRON Vancouver, British Columbia	15	
SMITH, ROXANN VIVIAN Mississauga, Ontario	102	
SOCIETE D'EDITION ELECTRONIQUE Montréal, Québec	59	N-56
SOCIETY OF FILM MAKERS (THE) Ville St. Laurent, Quebec	7	

COMMENTS/COMMENTAIRES	NUMBER/NUMERO	
	1976	1977
STORY, R.F. Willowdale, Ontario	120	
SWITZER, I. Toronto, Ontario	96	
CABLE VIDEOTRON St-Hubert, Québec	75	N-16
TELEMEDIA COMMUNICATIONS LTEE Montréal, Québec	93	
TELE-METROPOLE INC. Montréal, Québec	89	N-38
TEL-PRO ENTERTAINMENTS Toronto, Ontario	34	
TORONTO MOTION PICTURE PROJECTIONISTS Toronto, Ontario	99	N-32
WESTERN APPROACHES LIMITED Vancouver, British Columbia	56	
WESTERN CODED TELEVISION LIMITED Ottawa, Ontario	40	N-21
WEST KOOTENAY CABLEVISION SOCIETY Trail, British Columbia	8	
WEST KOOTENAY FILM PRODUCTIONS Trail, British Columbia	12	
WRITERS' FEDERATION OF NOVA SCOTIA (THE) Halifax, Nova Scotia	72	



July 5, 1976

Mr. Harry Boyle
Chairman
CRTC
100 Metcalfe Street
Ottawa, Ontario
K1A 0N2



Re: Canadian Animation Producers Association

Dear Mr. Boyle,

I am making this representation on behalf of the CAPA, currently in the process of incorporation. We produce almost all of the animated films in Canada.

We are most interested in the proposed levy on Pay TV. This is, as most representations surely point out, a great opportunity for Canadian producers of programming.

One area so far not discussed is in the production of animated shows. There has never been a Canadian owned and produced animated series. In twenty-five years of Canadian commercial TV, in all the time slots on all the channels, Canadians have never seen a Canadian owned and produced animated show.

There are shows which have been deemed to be Canadian content, but there has never been one entirely produced in Canada, and certainly never one owned by Canadians.

Our members have and are producing series for television - for foreign corporations. We have the capabilities, we have the market, but we do not have revenue near sufficient to produce for our market.

If there is to be a levy distributed in the national interest, do not overlook the animation industry. As far as animation is concerned, our air is not only dominated by foreign product, it is solely occupied by it. It is a shameful situation. There is no other producing country in the world with no indigenous animated shows on the air.

Our experience shows we can expect up to 35% of our budget from Canadian sales. With some assistance to bring this percentage up, we can provide a reasonable investment for the financial community, and can supply animated programming that is comparable with the world's best. The quality of

.....continued

rainbow films corporation limited
45 charles street east
toronto, canada, M4Y 1X1S2
telephone 922-4153

Page 2.

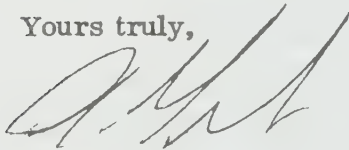
animation is almost solely related to the number of dollars spent on production. Money has been the single element missing in the fulfilment of our aims as an industry.

If we are to cease "drawing the water" for foreign producers we must be considered in future plans of the Commission. We can no longer deem productions Canadian because some element has been produced here to double advantage. That is; low priced manufacturing, plus quota acceptance in Canada and the Commonwealth. These are advantages that rightly belong to Canadians, if we can utilize them. With a share of the levy we can.

We would suggest that producers or shows that are sold be eligible for participation to augment their production budget. This would open opportunities for all producers, not merely help those already supplying the broadcasters.

The animation producers are working in spite of all obstacles. We are willing and able to make a contribution to broadcasting in Canada. We would like to have a say in our future.

Yours truly,



Al Guest

cc: Vlad Goetzelman, Cinera Productions Limited
Manolo Corvera, M.S. Art Services Limited
John Leach, Leach-Rankin Productions
Bob Borg, Grafilm Productions Inc.
Bob Kain, Video Art Productions Limited
Clive Smith, Nelvana Limited
Dennis Pike, Certified Canadian Content Productions
Bruce Harron, Aniforms Canada
Pete Miller, Atkinson Film Arts
Peter Adamakis, Disada Productions Limited

AG/ld

TYPED COPY OF ORIGINAL

COMMENT
COMMENTAIRE

#2

Dear Sirs:

I would like to contribute my idea for the new policy concerning Pay TV in Canada.

A new consortium could be set up consisting of private, public and cable broadcasting systems regulated by the CRTC.

This consortium, I will call CANAVUE, produces films, sports and musical entertainment for private broadcast to PAY TV. These show can be rebroadcast later on regular TV with commercials and some of the money from this can go back into production at the consortium levels.

With revenue from PAY TV and commercial TV a higher standard of entertainment would be made possible and competition with HOLLYWOOD would be strengthened tremendously.

I do believe wherever possible 100% of artists musicians, staff in general should be Canadian but I do think we should leave the door open to private enterprise and possible co-production with large companies wishing to produce educational films and the like. McLEANS or LIFE magazines might be a hypothetical example.

This system would improve quality and introduce harmony into the present broadcast system in Canada then present Canada to the world as a unified nation.

Yours sincerely,

Original signed.

Gary Binsted,
15 Gondola Cr.,
Scarboro, Ontario.



Niagara Co-Axial Limited

12 Mountain Ave S. Stoney Creek, Ontario
Telephone 662-8672

JUN 22 1976

June 22nd 1976.

Hon. J. Sauve,
Minister Communications Department,
Journal North Building,
300, Slater Street,
Ottawa,
K1A 0G8

-COMMENT
COMMENTAIRE

8051-

3

Dear Madam,

After being in the Cable Television business for over twenty years and after having read your recent speech to the C.C.T.A. regarding introduction of Pay Television in Canada, I thought you would like to hear from one cable operator who is not a member of the Association and who disagrees most vehemently with your proposals.

For the past eight years, all broadcasting has been under the control of the Canadian Radio Television Commission, and although the initial concept, outlined by Mr. Juneau, to construct a Canadian Broadcasting Entity has been supported by almost everyone in the industry, the Commission has only succeeded in creating a monster bureaucracy, based on the technicalities of delivery, and has achieved extremely little in the field of Canadian Programming.

They have been dealing primarily with the medium, while forgetting the message.

With the exception of the C.B.C., all Canadian Broadcasters rely on American Programming during prime time for their revenue, and their actions during the past years, in terms of competition with each other, has been to secure the most popular American programmes, rather than develop Canadian Programmes. They can hardly be blamed however, insofar as, with the exception of Quebec, no concerted plan for the production of quality Canadian films, has ever been introduced in Canada.

Granted, the Governments' allocation of funds to Broadcasting and the Arts, has been generous, but unfortunately scattered, so that, as of today, much poorer countries than Canada have thriving Film Industries, using American talent and American technicians, while we remain no further ahead than we were twenty years ago.



Niagara Co-Axial Limited

12 Mountain Ave. S. Stoney Creek, Ontario

Telephone 662-8672

With the introduction of Pay T.V. in our country, the situation will only become more one sided, programmes which are in demand by most Canadian viewers, will still have to be imported, resulting in a greater Canadian demand for American Films, American Sporting Events and American Cultural Productions.

If we are to assume that a paying audience has the same viewing habits as the free television audience, then the percentage of Canadians watching off-air programmes, during prime time, will fall considerably and the economic effect would be detrimental to Canadian Broadcasters.

The two major sources of Canadian Programmes which could be expected to produce revenue for Pay T.V., are at present, the National Hockey League and the Canadian Football League games.

I believe these programmes will disappear from the free television screen, with the introduction of Pay T.V.

I further believe, that within five years of the introduction of Pay T.V. in Canada, only the C.B.C. will survive as an off air broadcaster in this country, its a matter of pure arithmetic. For example:- Canadian Cable Systems, based in Toronto, is one of the largest cable systems in Canada, they also own 49% of Famous Players Corporation, which controls most of the theatres in Canada, 51% of Famous Players is owned by Gulf and Western, which also own Paramount Pictures Corporation, a major producer of American Films.

I cannot visualise any significant participation by Canadian Cable Systems in the production of Canadian films, when a great deal of their total revenue accrues from their ownership in Canadian Theatres, and you can hardly expect them to be in competition with themselves.

Neither can I reconcile the C.R.T.C. policy of discouraging the importation of American off-air signals and the encouragement of Pay T.V. programmes, they both originate from the same source. Their regulations also present a paradox, in relation to their present regulations governing the use of Canadian air waves.



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12 Mountain Ave. S. Stoney Creek, Ontario

Telephone 662-8672

If a programme transmitted by an American Broadcaster, invades Canadian Air Space, the C.R.T.C. believes that the Americans have no further control over it, and we are at liberty to interfere with the content, to the point of deleting the commercial messages, then, wouldn't the interception of an American Satellite Transmission through Canadian Air Space, be subject to the same criteria, and in the case of an American Pay T.V. programme, transmitted to American Earth Receiving Stations, be subject to reception by Canadian stations, without payment by Canadian receivers to the American transmitters.

Another illustration of our Broadcasting policy and its inconsistencies, is the preoccupation with the amount of money spent by Canadian advertisers on border television stations, if the Governments concern is the flow of Canadian dollars to the United States to the detriment of Canadian Broadcasters, then how can you reconcile this, with the flow of Canadian dollars to the United States, following the appearance in Canada of numerous American artists, who transport their earnings in Canada, back to the United States, with only a 15% withholding tax, levied by the Income Tax Department and deposited to the account of the Receiver General.

I believe the latter amount is a far more significant figure in the drain of Canadian dollars to the U.S.A., and to the detriment of Canadian artists and the Canadian Entertainment Industry.

These Madam Sauve, are just a few of the many facets which need to be resolved, before Mr Juneau's dreams can become realities, and the sooner the attention of our Government is concentrated on our original objective, the development of a Canadian Broadcasting and Entertainment entity, the sooner the trend will begin to reverse.

Sincerely Yours,

William C. Cunniff
Niagara Co-Axial Ltd.

HC/mw



Niagara Co-Axial Limited

12 Mountain Ave. S. Stoney Creek, Ontario

Telephone 662-8672

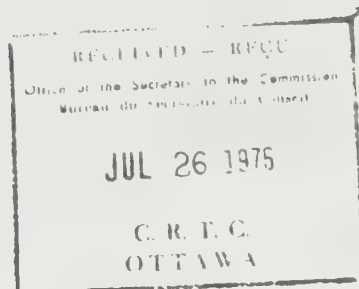
*Chairman
909-22*

July 20th, 1976.

Chairman,
Canadian Radio Television Commission,
100, Metcalfe Street,
Ottawa,
Ontario.

COMMENT
COMMENTAIRE

ADD To #3



Dear Sir,

Submission Re. Pay T.V.

To a request by your Commission for opinions on the introduction of Pay TV to Canada, may I suggest the following:-

1. The formation of either a Crown Corporation or subsidiary of the Canadian Development Corporation, to control the producing and marketing of all Canadian Programmes, whether produced in Canada or imported, for the Pay TV market.
2. The National Film Board and Canadian Film Development Corporation to be discontinued, and the Federal Grants to these organizations be turned over to either of the Corporations mentioned in paragraph one and classified as Capital Investment.
3. That the C.B.C. be restricted in their budget to capital and operating expenditures, for technical operation only. The production, importation and marketing of all programmes be the responsibility of the organization referred to in paragraph one.
4. That all Federal Grants to the Performing Arts, be given to the organization referred to in paragraph one, and those organizations presently benefiting from such grants, to receive them in the form of payment for the right by the Corporation to use their performances in whatever market they see fit.
5. That the Corporation referred to in paragraph one be prepared to recommend to the Federal Government, enabling legislation to:-
 - (a) to restrict the flow of Canadian Dollars paid to American Artists appearing in Canada.
 - (b) to negotiate more favourable union agreements in the Performing Arts for Canada.

- over -



Niagara Co-Axial Limited

12 Mountain Ave. S. Stoney Creek, Ontario

Telephone 662-8672

- (c) to emulate United States policy and prohibit producers of Motion Pictures from having any financial interest in Theatres where they are exhibited.
6. That the Canadian Radio Television Commission be restricted to licensing and policy only, and all technical and statistical data be the responsibility of existing government departments.
7. That the Canadian Radio Television Commission establish a Regional Office in each of the Ten Provinces.
8. That Federal and Provincial agreements should be instituted to further a National Programme.
9. That the endeavours of all Government agencies dealing with the Entertainment Industry be consolidated toward one objective, the establishment of a Canadian Entertainment Industry.

Sincerely Yours,

N. L. Lundy Manager.
Niagara Co-Axial Ltd.

NC/nw



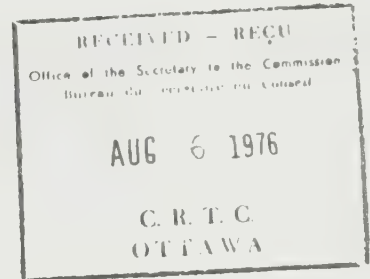
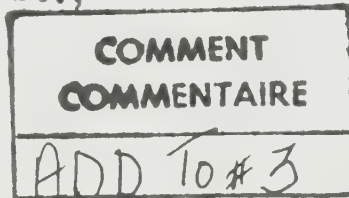
Niagara Co-Axial Limited

12 Mountain Ave. S. Stoney Creek, Ontario

Telephone 662-8672

August 3rd., 1976.

Chairman,
Canadian Radio Television Commission,
100, Metcalfe St.,
Ottawa,
Ontario.



Dear Sir,

Enclosed you will find supporting statistics for my submission of July 20th., 1976 on Pay TV. Would you please attach them to my submission.

Sincerely Yours,

Norman Lowy
su NW

Niagara Co-Axial Ltd.,

NC.MW

Canada Council advises:

National Ballet	
1976/77	\$913,000.00

Stratford Festival
1976 Season

Festival	\$500,000.00
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Workshops and Third Stage	10,000.00
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Program Costs for C.B.C.
Not Available (Privileged Information)

Amounts paid to American
Entertainers are not Recorded
by Department of Internal Revenue

Table 13. - COMPARATIVE STATEMENT OF REVENUE AND EXPENDITURE
(1974-75)

<u>NAME OF PROGRAM</u>	<u>REVENUES</u>		<u>EXPENDITURES</u>	
	<u>1973-74</u> \$	<u>1974-75</u> \$	<u>1973-74</u> \$	<u>1974-75</u> \$
Administration*	-	-	5,687,928	5,943,718
Bilingualism Development	-	-	92,793,616	93,550,001
Arts and Culture**	-	-	4,288,446	4,675,894
Education Support	-	-	501,053	814,801
Post Secondary Education Adjustment Payments	-	-	485,140,525	503,579,043
Translation	-	-	18,033,345	23,919,906
Citizenship	1,295,262	1,418,440	35,911,313	43,495,300
TOTAL**	<u>1,295,262</u>	<u>1,418,440</u>	<u>642,356,226</u>	<u>675,978,663</u>

* Administration includes the following: Office of the Secretary of State; Office of the Minister Responsible for Multiculturalism; Offices of the Under-Secretary of State and Assistant Under-Secretaries; all Branches in the Corporate Management Sector.

** Non-budgetary expenditures are not included in this comparative statement.

*Annual Report of Secretary of State
March 31/75*

Table 1. -

ARTS AND CULTURE

GRANTS AND CONTRIBUTIONS

(1974-75)

Support Grants

Canadian Broadcasting League	\$ 65,000	
Canadian Conference of the Arts	180,000	
Canadian Crafts Council	45,000	
Canadian Music Council	80,000	
Federation des Archives du Film	20,000	
Fathers of Confederation Buildings Trust	625,000	
Brandon Film Festival	1,000	
Filmexpo	20,000	
Le Festival International du Cinéma en 16 mm.	7,000	
5th Canadian Amateur Film Festival	5,000	
6th Canadian Student Film Festival	5,000	
Rencontre internationale pour un cinéma nouveau	3,000	
The Canadian Publishers Project Coordinating Committee	160,000	
Theatre Canada	25,000	
	<u>1,241,000</u>	1,241,000

Capital Grants

Centaur Theatre	350,000	
Shaw Festival	300,000	
Canadian Mime Theatre	30,000	
Globe Theatre	21,700	
Alberta Theatre Projects	20,000	
Playhouse Theatre Company	32,500	
Massey Hall	400,000	
Montreal Museum of Fine Arts	500,000	
	<u>1,654,200</u>	<u>1,654,200</u>
	<u><u>TOTAL</u></u>	<u><u>\$2,895,200</u></u>

*Annual Report of Secretary of State
March 31/75*

SECRETARY OF STATE

F—National Arts Centre Corporation

OBJECTS OF EXPENDITURE

Standard Object	Estimates	Forecast	Change	Expenditures
	1976-77	Expenditures 1975-76		
(thousands of dollars)				
OPERATING				
All Other Expenditures	(12)	7,976	6,892	1,084
Total		7,976	6,892	1,084

MANPOWER

	1976-77		1975-76			1974-75		
	Planned Total Man- Years	Planned Con- tinuing Em- ployees on March 31, 1977	Planned Total Man- Years	Planned Con- tinuing Em- ployees on March 31, 1976	Con- tinuing Em- ployees on Sept. 30 1975	Planned Total Man- Years	Planned Con- tinuing Em- ployees on March 31, 1975	Con- tinuing Em- ployees on Sept. 30, 1974
Executive	6	6	10	10	6	8	8	8
Scientific and Professional	74	74	62	69	65	56	61	65
Administrative	17	17	14	14	16	16	16	13
Administrative Support and Opera- tional	235	226	243	224	197	238	212	193
Total	382	323	329	317	284	318	297	279

Percentage change from preceding
year

*The increase is due to expansion within the programming and administrative areas.

G—National Film Board

	ESTIMATES			Expenditures 1974-75
	1976-77	1975-76	Change	
	\$	\$	\$	
Budgetary				
Vote 70—National Film Board—Program expenditures and the grants listed in the Estimates.....	23,990,000	20,326,605	3,663,395	18,582,437
Statutory—Contributions to Employee Benefit Plans.....	1,608,000	1,238,000	370,000	1,247,000
	25,598,000	21,564,605	4,033,395	19,829,437
Non-Budgetary				
Vote 175—Advances, in accordance with terms and conditions approved by Treasury Board, for the purchase of capital equipment for the Canadian Government Photo Centre.....	100,000	237,185	(137,185)	73,546
Appropriation not required for 1976-77.....				2,450,000
	100,000	237,185	(137,185)	2,523,546
Total Program.....	25,698,000	21,801,790	3,896,210	22,352,983

SECRETARY OF STATE

-National Film Board-Production and Distribution of Films-
Operating Account including Capital*

PROGRAM BY ACTIVITIES
(thousands of dollars)

Activity—Activité	Man-Years Authorized 1976-77 Années- hommes autorisées 1976-1977	EXPENDITURES — DÉPENSES			
		Forecast 1976-77 Prévues 1976-1977	Forecast 1975-76 Prévues 1975-1976	Change Différence	Actual 1974-75 Réelles 1974-1975
Executive and Administrative Services—Direction et services administratifs	186	3,950	3,535	415	3,201
Production of Films and Other Visual Materials—Production de films et autres formes de présentations visuelles	460	21,620	20,103	1,517	17,990
Distribution of Films and Other Visual Materials—Distribution de films et autres formes de présentations visuelles	305	10,675	9,879	796	8,869
Research and Development—Recherche et développement	12	518	809	(291)	455
Total Estimates—Total des prévisions	963	36,763	34,326	2,437	30,515
Add—À ajouter: Services provided by other departments—Services fournis par d'autres ministères		4,633	4,324	309	4,324
Total Cost of Program—Coût total du programme		41,396	38,650	2,746	34,839

*Capital costs shown under the Objects of Expenditure Table are not charged to the Operating Account and are included in this presentation only to show the complete expenditures for each activity.

OBJECTIVE

Cultural interpretation and presentation of Canada, as well as service and support to departments and agencies of the government, through the medium of film.

PROGRAM DESCRIPTION

- Executive and Administrative Services—Central management, Ottawa services, personnel, administrative, financial and operational support services.
- Production of Films and Other Visual Materials—Production of motion pictures, filmstrips and still photographs for mass and specialized audiences, particularly youth; and servicing the needs of departments and agencies of government, supporting government programs of high national priority.
- Distribution of Films and Other Visual Materials—Distribution through a network of offices and outlets throughout Canada and abroad by the direct sale, rental and loan of prints, contract bookings to cinemas, television and commercial distributors.
- Research and Development—Initiation and development of projects to advance the art and technology of audio-visual communication.

G-

Forecast
1976-77

Prévues
1976-1977

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SECRETARY OF STATE

G—National Film Board

OBJECTS OF EXPENDITURE

Standard Object	Estimates 1976-77	Forecast	Change	Expenditures 1974-75	
		Expenditures 1975-76			
(thousands of dollars)					
OPERATING					
Professional and Special Services.....	(4)	35,804	33,196	2,608	29,531
CAPITAL					
Construction and Acquisition of Machinery and Equipment.....	(9)	952	1,123	(171)	984
GRANTS, CONTRIBUTIONS AND OTHER TRANSFER PAYMENTS.....	(10)	7	7		
		36,763	34,326	2,437	30,515
LESS: RECEIPTS AND REVENUES CREDITED TO THE OPERATING ACCOUNT.....	(13)	11,165	11,515	(350)	10,686
Total.....		25,598	22,811	2,787	19,829

MANPOWER

	1976-77		1975-76		1974-75			
	Total Man- Years Author- ized	Planned Con- tinuing Em- ployees on March 31, 1977	Total Man- Years Author- ized	Planned Con- tinuing Em- ployees on March 31, 1976	Con- tinuing Em- ployees on Strength Sept. 30, 1975	Total Man- Years Author- ized	Planned Con- tinuing Em- ployees on March 31, 1975	Con- tinuing Em- ployees on Strength Sept. 30, 1974
Executive.....	2	2	2	2	2	2	2	2
Scientific and Professional.....	6	6	8	5	6	8	5	5
Administrative and Foreign Service.....	175	60	159	74	52	157	70	67
Technical.....	375	127	394	152	128	400	149	151
Administrative Support.....	305	63	305	102	55	307	98	80
Operational.....	70	17	71	21	18	72	21	15
Locally Engaged.....	30	20	30	20	20	30	20	18
Total.....	963	295	969	376	281	976	365	338
Percentage change from preceding year.....	(0.6)		(0.7)					

GRANTS AND CONTRIBUTIONS

	Estimates 1976-77	Forecast Expenditures 1975-76
	\$	\$
GRANTS		
EXECUTIVE AND ADMINISTRATIVE SERVICES		
Grants in support of significant film events of national and/or international interest held in Canada, as determined by the Board of Governors.....	7,000	7,000

SECRETARY OF STATE

G—National Film Board—Canadian Government Photo Centre
Revolving Fund

PROGRAM BY ACTIVITIES
(thousands of dollars)

Activity—Activité	Man-Years Authorized 1976-77 Années- hommes autorisées 1976-1977	EXPENDITURES — DÉPENSES			
		Forecast 1976-77	Forecast 1975-76	Change	Actual 1974-75
		Prévues 1976-1977	Prévues 1975-1976	Différence	Réelles 1974-1975
Printing and Processing of Still Photographs— <i>Tirage et développe- ment de photographies</i>	54	1,411	1,246	165	1,161
Total	54	1,411	1,246	165	1,161
Capital Expenditures— <i>Dépenses en capital</i> :					
Capital Expenditures— <i>Dépenses en capital</i>					100
Less— <i>Moins</i> :					
Available from accumulated provision for capital replacement— <i>Réserve disponible pour le rem- placement du capital</i>					
Total Estimates—Total des prévisions					100

OBJECTIVE

To provide effective photographic printing and processing services to government departments and agencies and maximize the usage of photographic facilities and equipment in government departments.

AUTHORITY

This Revolving Fund is authorized by Secretary of State Vote L90, Appropriation Act No. 3, 1971.

DESCRIPTION

- The Canadian Government Photo Centre serves the following purposes:
- Printing and processing of all photographic materials other than scientific or highly specialized applications.
 - Maintenance of records of all major photographic facilities held by government departments.
 - Consulting services related to photographic operations in government departments.

The costs incurred in providing photographic services are recovered through charges to customer departments and agencies.

SECRETARY OF STATE

G—National Film Board—Canadian Government Photo Centre
Revolving Fund

MANPOWER

	1976-77		1975-76		1974-75	
	Total Man-Years Authorized	Planned Continuing Employees on March 31, 1977	Total Man-Years Authorized	Planned Continuing Employees on March 31, 1976	Total Man-Years Authorized	Planned Continuing Employees on March 31, 1975
Administrative and Foreign Service.	6		5		5	
Technical	39		42	1	43	1
Administrative Support	6		5		5	
Operational	3		3		2	
Total	54		55	1	55	1
Percentage change from preceding year.	(1.8)					

H—National Library

	ESTIMATES			Expenditures 1974-75
	1976-77	1975-76	Change	
	\$	\$	\$	\$
Budgetary				
*Vote 80—National Library—Program expenditures including a payment of \$650,000 to the National Library Purchase Account for the purpose of acquiring books and the grant listed in the Estimates	9,707,000	8,525,500	1,181,500	7,387,000
Statutory—Contributions to Employee Benefit Plans	665,000	531,000	134,000	510,000
Total Program	10,372,000	9,056,500	1,315,500	7,897,000

*The balance of the National Library of Canada Purchase Account shown in the Accounts of Canada as at December 31, 1975 was \$695,839.

SECRETARY OF STATE

D—Canadian Film Development Corporation

	ESTIMATES			Expenditures 1974-75
	1976-77	1975-76	Change	
	\$	\$	\$	\$
Budgetary				
Statutory—Payments to the Canadian Film Development Corporation to be used for the purposes set out in the Canadian Film Development Corporation Act.....	608,000	468,000	140,000	399,780
Appropriation not required for 1976-77				
To increase to \$25,000,000 the statutory limit set up under subsection 18(1) of the Canadian Film Development Corporation Act.....		1	(1)	
Total Program.....	608,000	468,001	139,999	399,780

PROGRAM BY ACTIVITIES
(thousands of dollars)

Activity—Activité	Planned Man-Years 1976-77
	Années-hommes projetées 1976-1977
Administration—Administration	22
*Investments and Loans—*Placements et prêts	
Total Estimates—Total des prévisions	22

*See page 24-64 for details.

SECRETARY OF STATE

D—Canadian Film Development Corporation

OBJECTIVE

To foster and promote the development of a feature film industry in Canada.

SUB-OBJECTIVES

- To develop the film outlet of Canadian sociological and cultural expression.
- To generate income from investments and loans to feature film makers which will endeavour to make the Corporation's program self-sustaining.

PROGRAM DESCRIPTION

Administration—Expenses and remuneration of members, executive, staff, technical and professional advisers and the cost of support services required to assess, select and administer projects to be assisted.

Investments and Loans—Financial outlays of the Corporation, including assistance to Canadian distributors for the promotion of Canadian feature films, on which tangible financial returns are expected.

CANADIAN FILM DEVELOPMENT CORPORATION ADVANCE ACCOUNT

	\$	\$	\$
Balance undisbursed as at March 31, 1974.....			6,162,769
Plus: Return on Loans and Investments.....		864,011	
Less: Investments and Loans.....	3,564,169		
Budgetary Expenditures.....	399,800	3,963,969	3,099,958
Balance undisbursed as at March 31, 1975.....			3,062,811
Plus: Expected Return from Loans and Investments.....		800,000	
Additional financing (Secretary of State Vote 62a, Appropriation Act No. 4, 1975).....		5,000,000	
Less: Investments and Loans.....	4,225,000		
Budgetary Expenditures.....	543,000	4,768,000	1,032,000
Projected Balance undisbursed as at March 31, 1976			4,094,811
FORECAST 1976-77			
Plus: Expected return from Loans and Investments.....		800,000	
Less: Investments, Loans, Promotion and Distribution.....	4,189,000		
Budgetary Expenditures.....	608,000	4,797,000	3,997,000
Projected Balance undisbursed as at March 31, 1977.....			97,811

SECRETARY OF STATE

D—Canadian Film Development Corporation

OBJECTS OF EXPENDITURE

Standard Object	Estimates 1976-77	Forecast Expenditures 1975-76	Change	Expenditures 1974-75
(thousands of dollars)				
OPERATING				
All Other Expenditures.....(12)	608	543	65	400
Total.....	608	543	65	400

MANPOWER

	1976-77		1975-76		1974-75	
	Planned Total Man- Years	Planned Con- tinuing Em- ployees on March 31, 1977	Planned Total Man- Years	Planned Con- tinuing Em- ployees on March 31, 1976	Planned Total Man- Years	Planned Con- tinuing Em- ployees on March 31, 1975
Total.....	22	22	17	17	16	16
Percentage change from preceding year.....	29.4*		6.3			15

*Increase is due to the implementation of a new Investment Program for the promotion and the distribution of feature films.

SECRETARY OF STATE

C—Canadian Broadcasting Corporation

	ESTIMATES			Expenditures 1974-75
	1976-77	1975-76	Change	
	\$	\$	\$	\$
Budgetary				
Vote 50—Payment to the Canadian Broadcasting Corporation for operating expenditures in providing a broadcasting service.....	343,400,000	293,282,000	50,118,000	237,982,000
Vote 55—Payment to the Canadian Broadcasting Corporation for capital expenditures in providing a broadcasting service.....	61,300,000	59,013,000	2,287,000	58,657,000
Vote 60—Payment to the Canadian Broadcasting Corporation for operating and capital expenditures providing host country broadcasting services for the 1976 Summer Olympics.....	11,200,000	600,000	10,600,000	7,200,000
Total Program.....	415,900,000	352,895,000	63,005,000	301,839,000

PROGRAM BY ACTIVITIES
(thousands of dollars)

Activity—Activité	Estimate Prévisions
Broadcast—Production/Distribution—Radiodiffusion—Production et distribution:	
Programs—Émissions.....	
Network Distribution—Distribution—Réseau.....	
Program Distribution—Post Broadcast—Distribution des émissions—Réutilisation.....	
Station Transmission—Diffusion par les stations.....	
External Service—Service extérieur.....	
Selling—Ventes.....	
Broadcast—Production/Distribution/Administration—Radiodiffusion—Production, distribution et administration.....	
General Administration/Engineering—Administration générale et ingénierie.....	
Extension of Broadcasting Services—Extension des services de radiodiffusion.....	
Additions and Replacements to Plant and Facilities—Achat d'équipement et d'installations d'appoint ou de remplacement.....	
Consolidation of Plant and Facilities—Regroupement des installations et des équipements.....	
Gross Expenditures—Dépenses brutes.....	
Less—Moins:	
Depreciation—Amortissement.....	
Revenues—Recettes.....	
Prior Years' Non-Lapsing Vote Carry Over—Crédit non annulable reporté des années précédentes.....	
Net Requirements of Broadcasting Service—Besoins nets du service de radiodiffusion.....	
1976 Summer Olympics Host Country Broadcasting Services—Services de radiodiffusion du pays d'accueil lors des Jeux olympiques d'été de 1976	
Total Estimates—Total des prévisions.....	

SECRETARY OF STATE

C—Canadian Broadcasting Corporation

OBJECTIVES

To develop and provide a national broadcasting service for all Canadians in both official languages, in television and radio, and an international service, both of which should be primarily Canadian in content and character.

SUB-OBJECTIVES

- To provide to all Canadians a balanced radio and television broadcasting service of information, enlightenment, and entertainment for people of different ages, interests and tastes. This service should include regional, national and international programming; factual and interpretive reports and programs devoted to life in Canada in its broadest aspects; and should provide reasonable, balanced opportunity for the expression of different views on matters of public concern.
- To use and develop Canadian artistic and cultural resources from the various regions of the country to the maximum extent consistent with high standards of program quality.
- To provide a full service in both official languages; to actively contribute to the flow and exchange of information, entertainment, and understanding between cultures and between regions; and to serve the special needs of the various geographic areas.
- To extend the national broadcasting service to all parts of Canada.
- To contribute to the development of national unity and to provide for a continuing expression of Canadian identity.

PROGRAM DESCRIPTION

The main activities of the Corporation in the attainment of its objectives are set out below under the main captions of Operating and Capital Activities.

I. Operating Activities—

Broadcast-Production/Distribution

Programs—This activity includes all broadcasting services, whether radio or television; French or English: national, regional, or local. It embraces:

- The planning of individual broadcasts and the broadcast schedules to meet the objectives outlined.
- The procurement of programs from other production agencies which assist in meeting the objectives.
- Production of programs live, on film, or on magnetic tape, or other such broadcast recording techniques as may be appropriate.

Network Distribution—The distribution of the national service to all possible parts of Canada through corporation or privately-owned outlets. The methods of delivery include satellite, microwave, land-lines, and the shipping of films and tapes. Included in this activity are low power transmitters to serve sparsely populated areas and facilities to delay or pre-release broadcasts as required in the time zones throughout the nation.

Program Distribution—Post Broadcast—Represents off air recording by schools of school broadcasts; domestic distribution in Canada of a number of Canadian Broadcasting Corporation television programs—for schools, churches and service clubs.

Station Transmission—The provision of the signal that delivers the national broadcasting service to the individual radio and television set through Corporation owned transmitters.

SECRETARY OF STATE

C—Canadian Broadcasting Corporation

PROGRAM DESCRIPTION—Continued

External Service—Includes the offices of the Corporation's representatives in New York, Washington, London and Paris, and the International Broadcasting Service of the Corporation. The International Service embraces English, French and foreign language program production for, and the transmission to, foreign countries as a direct means to the projection abroad of a Canadian image, the development of interest in Canada in potential immigrants and tourists, and the maintenance of a personal link between Canadians and their relatives and countrymen abroad, and as an indirect promotion aid for foreign policy, trade, etc.

Selling—The marketing and sales effort, necessary to program and time sales to advertisers, as well as program sales to foreign broadcasters.

Broadcast—Production/Distribution/Administration—This activity embraces those support functions located at the various production/transmission centres such as local management, program supervision, engineering services, and the necessary personnel, financial and administration services.

General Administration/Engineering—Those functions which must be discharged on a Corporate basis are included in this activity. These comprise executive direction; policy and standards formulation; corporate planning; coordination; and external relations. It also includes some elements which remain centralized for economic reasons, such as payroll, legal services, program research, corporate planning, statistics, etc.

II. Capital Activities

Extension of Broadcasting Services—Represents capital expenditures for the construction of additional radio and television stations, to extend the national service to those parts of Canada not yet served in the appropriate language; capital expenditures to improve coverage of existing stations through relocation and/or increase in power, etc.

Additions and Replacements to Plant and Facilities—Represents capital expenditures for essential improvements to existing plant and equipment to maintain efficient operation and capital expenditures to replace obsolete equipment.

Consolidation of Plant and Facilities—Represents capital expenditures for consolidating present scattered and inadequate facilities at Canadian Broadcasting Corporation main locations across Canada, thereby improving efficiency of operations.

III. 1976 Summer Olympics Activity

1976 Summer Olympics Host Country Broadcasting Services—Represents capital and operating expenditures to provide radio facilities and a television basic program feed and facilities to enable maximum coverage of the 1976 Summer Olympics Games by Canadian and visiting foreign broadcasters.

SECRETARY OF STATE

C-Canadian Broadcasting Corporation

Details of Capital Expenditures
(in thousands of dollars)

	1976-77	1975-76	Change
Extension of Broadcasting Services:			
(a) Television.....	24,298	24,591	(293)
(b) Radio.....	12,990	4,898	8,092
	37,288	29,479	7,809
Additions and Replacements to Plant and Facilities:			
(a) Television.....	11,008	11,229	(221)
(b) Radio.....	6,181	2,963	3,218
(c) Ordinary Capital and Improvements to Owned Properties	2,515	3,374	(859)
	19,704	17,566	2,138
Consolidation of Plant and Facilities	4,308	8,968	(4,660)
Total	61,300	56,013	5,287

OBJECTS OF EXPENDITURE

Standard Object	Estimates 1976-77	Forecast Expenditures 1975-76	Change	Expenditures 1974-75
	(thousands of dollars)			
OPERATING				
All Other Expenditures.....(12)	415,900	343,645	72,255	301,839
Total.....	415,900	343,645	72,255	301,839

MANPOWER

	1976-77		1975-76			1974-75	
	Planned Total Man- Years	Planned Con- tinuing Em- ployees on March 31, 1977	Planned Total Man- Years	Planned Con- tinuing Em- ployees on March 31, 1976	Con- tinuing Em- ployees on Sept. 30 1975	Planned Total Man- Years	Con- tinuing Em- ployees on March 31, 1975
Total.....	11,428	11,013	10,969	10,663	10,750	10,255	9,958
Percentage change from preceding year.....	4.2		7.0				

Niagara Co-Axial Limited

12 Mountain Ave. S. Stoney Creek, Ontario

Telephone 662-8672

Battlefield Monument
Stoney Creek, Ontario

August 21, 1976

Miss Quinet (Miss)
Associate Secretary General,
Canadian Radio Television Commission,
100, Metcalfe St.,
Ottawa,
Ontario.

COMMENT
COMMENTAIRE

credit to #3

Dear Miss Quinet,

Statistics are late in coming in, I am sorry to
the delay of enclosing the grants given by the Ontario
Government to those organizations receiving assistance
from the Federal Government.

Could you please enclose it with my next
submission.

Thanking you,

Norman Leung
President

N.L./mw

Niagara Co-Axial Ltd.

Received by - Reçu par
SECRETARIAT

AUG 25 1976

C.R.I.B.

ORGANIZATIONS: LITERATURE

Book Publishing Co-op	\$	46,750
Canadian Booksellers Association		7,500
Canadian Periodical Publishers Association		17,500
Canadian Union of Writers/Madawaska		600
Canadian Writers Foundation		1,000
Folk and Poetry		1,000
For Words Foundation		650
Friends of the Osborne and Lillian H. Smith Collections		5,000
Independent Publishers Association		15,000
Loughborough 1975 Steering Committee		2,500
Ontario Poetry Festival		1,000
Publishers Pilot Project/Independent Publishers Association		29,750
Queen Street Magazine/Read 75		1,500
Readers Club of Canada		15,000
Trent University/English Language Publishing Conference		2,750
Union of Canadian Writers		13,000
Writers Union of Canada		32,000

Publishers

Alive	7,500
Anansi	15,000
Book Society	2,500
Borealis	7,500
Burns and MacEachern	2,500
Canadian Paperbacks	2,500
Canadian Womens Education	2,500
Clarke-Irwin	15,000
Coach House	12,000
Fitzhenry and Whiteside	5,000
General	15,000
Golden Dog	2,500
Griffin	2,500
G. Smith - Brights Cove	2,500
Hakkert	7,500
Highway	12,000
Hounslow	2,500
James, Lewis and Samuel	12,000
Kakabeka	5,000
Lester and Orpen	5,000
Macmillan	30,000
McClelland and Stewart	15,000
Mika	2,500
New Press	15,000
Oberon	15,000
Peter Martin	12,000
Press Porcepic	7,500
Sesame Press	2,500

Simon and Pierre	10,000
University of Toronto	15,000
Valley	2,500
Periodicals	

Art-i-fact	7,000
Books in Canada	15,500
Canadian Antique Collector	1,900
Canadian Folk Music	1,500
Canadian Forum	12,000
Canadian Theatre Review	6,000
Cinema Canada	7,500
Coda	3,000
Contact	400
Content	2,000
Copperfield	1,000
Descant	5,000
Dialog	4,000
Ellipse	2,000
Emergency Librarian	1,500
Exile	12,250
File	2,876
Golden Dog	2,000
Grey Bruce Forum	2,000
Historical Reflections	2,500
Image Nation	1,320
Impressions	450
Impulse	4,000
Is	1,750
Jobberwocky	1,500
Journal of Canadian Studies	9,000
Last Post	8,000
Manna	1,700
Motion	3,000
Muskeg Review	367
Northern Journey	1,500
Nor-wester	1,000
Ontario Showcase	400
Open Letter	2,300
Opera Canada	2,550
Orb	2,000
Origins	700
Peninsula Pen	500
Performing Arts	10,000
Proof Only	1,300
Quatry	3,500
Queens Quarterly	2,500
Quill and Quire	10,000
Rumblestill Press	270
Saturday Night	32,000
Seven News	1,500
Social History	2,000
Stuffed Crocodile	675

Take One	7,500
Tamarack	7,500
That's Showbusiness	7,000
This Magazine	13,000
Toronto Citizen	3,000
Tower	228
University of Windsor Review	2,000
Waves	1,500
Writ	750
Total Literature	\$ 698,186

ORGANIZATIONS: MUSIC

Africanada Ensemble	\$	750
Algoina Arts Festival Association		1,500
Array		1,950
Artist and Critic		750
Bloor Street United Church		500
Blue Mountain Summer School of Music		1,500
CAMMAC		8,000
Canadian Band Directors Association		1,250
Canadian Music Centre		25,000
Canadian Music Competitions		6,000
Canadian Opera Company		203,000
CJRT-FM		6,950
Concord Singers		977
Community Education Programs/Toronto Symphony		2,000
Contemporary Music Showcase Association		2,770
Early Music Workshop		1,500
Edward Johnson Music Foundation		16,500
Greenwood Park Concerts		222
Guitar Society of Toronto		1,500
Hamilton Philharmonic Institute		62,000
Inter-Provincial Music Camp		13,500
Kawartha Lakes Music Camp		750
Kelso Music Centre		6,000
Melrose United Church		500
New Music Concerts		15,500
Nexus		5,000
Nexus/Dayspring Commission		500
Mohawk Opera Workshop		1,000
Ontario Choral Federation		48,000
- Bach-Elgar Choir		6,000
- Canadian Centennial Choir		1,200
- Canadian Children's Opera Chorus		3,500
- Cantabile Chorale		85
- Deer Park United Church Choir		375
- Etobicoke Centennial Choir		500
- Festival Singers		100,983
Guelph Concert Singers		400
- Kitchener High Choir		200

Schedule of Grants and Programs for the Year
Ended March 31, 1975

SCHEDULE OF GRANTS

ORGANIZATIONS: DRAMA AND DANCE

Associated Designers of Canada	\$ 200
Backdoor Theatre	5,000
Black Theatre Canada	5,000
Canadian Child and Youth Drama Association	
Canadian Junior Ballet Society	2,000
Canadian Mime Theatre	2,000
Canadian Puppet Festivals	22,500
Canadian Silent Players	15,000
Choreography Awards Study	10,000
Conference on Contemporary English	500
Canadian Theatre	
Concordia University	1,000
Creation 2	7,500
Dance Canada	3,000
Dancemakers	600
Dancers Workshop	250
Factory Theatre Lab	35,000
Festival of Improvisations	1,000
15 Dance Laboratory	4,000
Georgian Foundation for the Performing Arts	5,000
Global Village Theatre	17,000
Holiday Theatre 5	1,000
Huron Country Playhouse	3,500
Intimate Intensities	500
Kaministiquia Theatre Lab	3,000
Kawartha Festival Foundation	3,500
Lake Simcoe Arts Foundation	2,000
Lampoon Puppet Theatre	450
Looking Glass Dance Theatre	7,250
Magnus Theatre North-West	14,252
Missing Associates	750
Moonlight Melodrama Productions	4,500
Moving Theatre	2,500
Muskoka Foundation for the Arts	10,000
Multi-Cultural Theatre Association	5,500
National Ballet of Canada	242,000
National Ballet of Canada	242,000
National Theatre School	242,000
New Theatre	242,000
Ontario Theatre	242,000
Open House Theatre	8,000
Performing Arts Company	2,500

Playwrights Cooperative	18,000
Redlight Theatre	3,000
Rimmon Experimental Dance Group	200
Royal Canadian College of Organists	500
Secret Seed Productions	500
Shaw Festival Theatre Foundation	90,000
Smile Company	5,000
St. Catharines Community Centre	10,000
Stratford Shakespearean Festival	228,000
Studio Lab Theatre	20,000
Sudbury Theatre Centre	15,000
Tarragon Theatre	50,000
Theatre Aquarius	15,000
Théâtre de l'Homme Actors Lab	2,750
Theatre Fountainhead	4,000
Theatre London	70,000
Theatre Ontario	67,030
Theatre Pass Muraille	43,000
Theatre Plus	16,000
Toronto Arts Productions	192,000
Toronto Centre for the Arts	8,050
Toronto Dance Theatre	65,000
Toronto Dance Theatre-Don Himes	1,000
Toronto Free Theatre	40,800
Toronto Workshop Productions	65,000
W.W. Theatre Productions	3,000
Young People's Theatre	30,000
Total Drama and Dance	\$1,856,082

ORGANIZATIONS: FILM

Baldwin Street Gallery	\$ 7,500
Canadian Film Awards	100
Canadian Film Editors Guild	1,200
Canadian Film-makers Distribution Centre	25,000
Cinematek	2,000
Conestoga College	250
Council of Canadian Film-makers	2,000
Fisher and Purden Publishing Consultants	500
Insight Productions	750
Northern Exposure	500
The Photography Gallery	4,000
Society of Canadian Cine Amateurs	2,000
Toronto Film-makers Co-op	12,000
Veterans Television and Radio Association	3,000
Video Centre	3,100
Vitus Foundation	3,000
W. Sharpen Saws - Ice Sculpture	1,500

ORGANIZATIONS: FRANCO-ONTARIAN

Arts-Jeunesse/Ottawa	\$ 750
Artemiskaming	1,000
Association Canadienne-Française de l'Ontario	
l'Atelier d'Ottawa	12,500
Centre Culturel La Ronde	7,760
Centre Culturel La Ste-Famille	12,000
Centre Culturel Le Chenail	15,000
Centre Culturel Le Moulinet	3,000
Centre Culturel Tournesol	5,000
Centre d'Activités Françaises - Penetang	1,000
Centre des Jeunes/Sudbury	4,500
Centre Régional des Loisirs Culturels	16,000
La Chasse Galerie Inc.	6,000
Cinaction	20,000
Cinésources 10	750
Club Canadien-Français/Welland	13,000
Les Compagnons des Francs Loisirs	460
Les Editions Prises de Parole	5,000
Elliot Lake Centre for Continuing Education	
Fabrik à Pantouf	7,100
Festival Jeune Théâtre Sud-Ontarien	4,450
Festival Populaire des Arts/Cornwall	1,500
Festival Populaire des Arts/North Bay	3,800
Festival Populaire des Arts/Prescott-Russell	1,300
Festival Populaire des Arts/Sudbury	5,000
Maison des Francophones/Sudbury	6,000
Marionettes Merinats	1,180
Jeunesses Musicales du Canada	250
Le Moulinet/Sudbury	3,000
La Nuit Sur l'Étang	1,000
Ontario Folk Arts Council	2,500
OVUL	26,100
Les Petits Amis de l'Art	1,000
Le Patro d'Ottawa	1,000
Prise Parole de Sudbury	945
La Production Universitaire	600
Prud'Homme l'Atelier d'Ottawa	800
La Pulpe	1,500
Théâtre Action	3,500
Le Théâtre des Lutins	56,000
Théâtre du Nouvel-Ontario/Sudbury	3,500
Le Théâtre du Petit Bonheur	12,000
Théâtre Roulant - Ottawa	1,000

MUSIC

The Music office is one of the largest and busiest within the Council with slightly more than a million and a half dollars being granted this year to professional, amateur, and student musicians; singers; composers; conductors; and their ever-increasing audiences.

Almost 200 music grants were made this year, doubling the 98 of last year. (In addition, literally hundreds of scholarships were provided for students of music camps and workshops.)

The year was marked by enthusiastic response to the commissioning fund, established in 1973. Forty ensembles and soloists were awarded \$80,000 — more than triple the \$25,000 granted in 1973/74 — to commission 44 works from 37 Ontario composers.

Among the largest grants were \$9,000 to the Edward Johnson Music Foundation (Guelph Spring Festival) to commission a new opera by Charles Wilson and Eugene Benson, to premiere in 1977, and \$6,500 to the National Youth Orchestra to commission a major orchestral work by Norman Symonds. One of the first opera commissions made possible by the Council was to Prologue to the Performing Arts for the Canadian Opera Company. "The Glove" by Tibor Polgar and George Jonas was so well received it was filmed for the CBC-TV "Musicamera" series.

A new program initiated during the year provided community choirs with financial support toward fees for professional musicians and soloists in public performances of choral works. Twenty-three such performances were assisted with a total of \$13,000; the immediate response to the program, and the limitations of Council's support in ratio to the total professional costs involved, indicate the need to expand funds available for this program in future.

Traditionally, a major portion of music grants are made to the province's orchestras, toward costs of operating, touring and resident musician programs, and to the Ontario Federation of Symphony Orchestras.

\$	ORGANIZATIONS	
750	AFRICANA ENSEMBLE, Toronto (Towards musicians' fees for jazz program)	1,200 CANADIAN CENTENNIAL CHOIR, Ottawa (Towards professional costs of two concerts)
1,950	ARRAY, Toronto (Operating grant for 1974/75 season for concerts showcasing works by composer-members)	3,500 CANADIAN CHILDREN'S OPERA CHORUS, Toronto (Towards 1974/75 operating costs)
750	THE ARTIST AND THE CRITIC, London (For a musical presentation by the London Arts Community to honour London Free Press critic Lenore Crawford on her retirement)	30,000 CANADIAN MUSIC CENTRE, Toronto (For promotional and administrative services for Canadian composers)
6,000	BACH-ELGAR CHOIR, Hamilton (Operating grant for 1974/75 season)	6,000 CANADIAN MUSIC COMPETITIONS, Montreal (Towards competition costs)
1,000	BLOOR STREET UNITED CHURCH, Toronto (Towards professional costs of two choral performances)	203,000 CANADIAN OPERA COMPANY, Toronto - (\$200,000 towards operating grant for 1974/75 season and Ontario tour) - (\$2,500 towards filming of new opera, "The Glove", by Polgar & Jonas) - (\$500 towards fees of Michael Colgrass, composer in residence with the Touring Company)
1,500	BLUE MOUNTAIN SUMMER SCHOOL OF MUSIC, Collingwood (For scholarships to students)	85 CANTABILE CHORALE, Thornhill (Towards professional costs of concert)
5,500	BRANTFORD SYMPHONY ORCHESTRA (Operating grant)	500 CATHEDRAL OF ST. JAMES, Toronto (Towards professional costs of choral performance)
500	BRIDGE STREET UNITED CHURCH, Belleville (Towards professional costs of choral performance)	3,000 CBC COMPETITION/YOUNG COMPOSER, Toronto (Award for winner)
10,000	CANADIAN AMATEUR MUSICIANS / MUSICIENS AMATEURS DU CANADA, Toronto - (\$7,500 for operating expenses related to Ontario activities) - (\$2,000 for scholarships to Ontario registrants of CAMMAC Music Centre) - (\$1,500 for London, Ontario weekend music program)	5,500 CHAMBER PLAYERS OF TORONTO (Operating grant)
		7,000 CJRT-FM, Toronto (Broadcasts of Ontario Arts Council funded events)
		2,000 COMMUNITY EDUCATION PROGRAMS OF THE TORONTO SYMPHONY'S WOMEN'S COMMITTEE, Toronto (Towards "Music in the Schools" program)

1,000	THE CONCORD SINGERS, Toronto (For professional costs of two choral concerts)	222	GREENWOOD PARKS CONCERTS, Toronto (Towards musicians fees of a rock concert at Greenwood Park)	1,000	K/W PHILHARMONIC CHOIR, Kitchener-Waterloo (Towards professional costs of two choral concerts)
2,770	CONTEMPORARY MUSIC SHOWCASE ASSOCIATION, Toronto (For operating expenses of 1974 Showcase)	400	GUELPH CONCERT SINGERS (Towards professional costs of choral concert)	1,600	LONDON PRO MUSICA (Operating grant for 1974/75 concert activities)
5,000	CORO SANTA CECILIA, Toronto (Towards costs of Ontario tour)	1,500	GUITAR SOCIETY OF TORONTO (For operating expenses of 1975 International Guitar Festival)	47,733	LONDON SYMPHONY ORCHESTRA ASSOCIATION (Operating expenses and resident musicians program plus ten out-of-town concerts)
4,000	CREATIVE LYRIC THEATRE PROJECT (Panmedia), Toronto (Developmental opera program employing professional singers)	115,500	HAMILTON PHILHARMONIC (Operating grant and assistance towards Ontario tour)	860	MELROSE UNITED CHURCH CHOIR, Hamilton (Towards professional artistic costs of a choral concert)
2,000	DEEP RIVER INSTRUMENTAL MUSIC ASSOCIATION (Operating grant)	62,000	HAMILTON PHILHARMONIC INSTITUTE (Operating grant)	1,000	METROPOLITAN FESTIVAL CHOIR, Toronto (Towards professional costs of two choral performances)
375	DEER PARK UNITED CHURCH CHOIR, Toronto (Towards professional costs of choral concert)	2,500	HOME COUNTY FOLK FESTIVAL, London (Towards costs of 1975 summer festival)	500	METROPOLITAN UNITED CHURCH CHOIR, London (Towards professional artistic costs of a choral concert)
500	EASTERN ONTARIO CONCERT ORCHESTRA, Belleville (Operating grant)	2,500	THE HURONIA SYMPHONY, Barrie (Operating grant)	2,000	MISSISSAUGA SYMPHONIC ASSOCIATION (Operating grant)
2,000	EAST YORK SYMPHONY ORCHESTRA, Toronto (Operating grant)	4,700	INTERNATIONAL SYMPHONY ORCHESTRA OF SARNIA AND PORT HURON (Operating grant and string program)	1,000	MOHAWK OPERA WORKSHOP, Hamilton (Towards the costs of three performances of "Amahl & The Night Visitors")
16,500	EDWARD JOHNSON MUSIC FOUNDATION, Guelph (Towards costs of opera production)	13,500	INTER-PROVINCIAL MUSIC CAMP, Lake Manitouwabing - (\$10,500 for operating expenses) - (\$3,000 for sixty scholarships)	25,000	NATIONAL YOUTH ORCHESTRA, Toronto (Operating grant)
1,200	ETOBICOKE CENTENNIAL CHOIR, Toronto (Towards professional costs of two choral concerts)	750	KAWARTHA LAKES MUSIC CAMP, Peterborough (For fifteen \$50 scholarships to camp)	25,000	NEW CHAMBER ORCHESTRA OF CANADA, Toronto (Operating grant)
2,250	ETOBICOKE PHILHARMONIC SOCIETY (Operating grant)	6,000	KELSO MUSIC CENTRE, Oakville (Towards the fees of The Orford Quartet to serve as faculty)	20,000	NEW MUSIC CONCERTS, Toronto (Towards costs of concert series and five out-of-town concerts)
1,500	EARLY MUSIC WORKSHOP, Toronto (Summer workshops at Scarborough College)	36,250	KINGSTON SYMPHONY ASSOCIATION (Operating grant and resident musicians program)	5,000	NEXUS, Toronto (Towards a series of ten percussion workshops for students in Southern Ontario)
120,983	FESTIVAL SINGERS OF CANADA, Toronto (Operating expenses and Northern Ontario Tour)	500	KITCHENER BACH CHOIR (Towards professional costs of choral concert)		
2,800	GEORGIAN BAY COMMUNITY ORCHESTRA, Owen Sound (Operating grant and assistance for three run-out concerts)	59,000	KITCHENER-WATERLOO SYMPHONY ORCHESTRA (Operating grant and resident musicians program)		

Avo Kittask, Alan Crofoot and Gwen Little in the Canadian Opera Company's production, "L'Heure espagnole."

FILM & PHOTOGRAPHY

The Council introduced two new film grant programs in 1974/75. Previously, grants to independent filmmakers were for a maximum of \$3,000, and were directed toward short, experimental, self-expression films, the kind novice film-makers make. And that support continues. As well, a new program recognizes the generation which has made its short experimental films, yet lacks the experience in working with scripts that lead in the direction of feature films. To these film-makers, Council offered grants of up to \$10,000 for the production of dramatic films approximately thirty minutes in length, possibly suitable for television broadcast. Seven grants were made, totalling \$60,000, and the films are now in various stages of production.

Traditionally, Council's funding in film has related to film as an art form. One component of this art form is screen-writing, and Council felt it was within its domain to encourage the development of screen-writers. A special program of grants of up to \$3,000 was offered to writers interested in working on film scripts, and six grants, totalling \$15,000, were made. One writer's screenplay has already been completed and optioned by a producer; five are now developing their scenarios.

A special film project of last year, an experimental 35 mm film on the art of Henri Van Benthum, by Julius Kohanyi, was completed in 1974 and premiered at the Stratford International Film Festival. It was also screened at the Berlin Film Festival.

\$	FILM ORGANIZATIONS	\$	STUDIES
1,200	CANADIAN FILM EDITORS' GUILD, Toronto (To assist with expenses of a student editing seminar and a program of public screenings.)	750	Film Festival Study, Gil Taylor
26,807	CANADIAN FILM-MAKERS' DISTRIBUTION CENTRE, Toronto (For operating expenses and special projects.)		GRANTS TO FILM-MAKERS (Up to \$3,000)
1,500	CANADIAN FILM INSTITUTE, Ottawa (For a special program of work by Ontario independent film-makers.)		Robert Arn, St. Catharines Tom Arnett, Cookstown Murray Battle/Mark Irwin, Toronto Alastair Brown, Toronto Radoslav Culjat, Toronto Walter Delorey/Ellis Roddick, Toronto Pen Densham, Toronto William and Elsa Dunn, Toronto John Michael Eckert, Toronto Salvatore Greco, Toronto Brian Hebb, Toronto Jeff Hemmings, Perth Hubert Keats, Mississauga Peter Kelly, Oakville Roberta King, Kirkfield Patrick Lee, Toronto Norman Lightfoot, Kitchener John Leach, Toronto Leon Marr, Toronto R. Newlove and E. Fedorenko, Toronto Neil Newton, Enniskillen Donald A. Nixon, Hamilton Kim Ondaatje, Verona Don Owen, Toronto Suzanna Plowright, Toronto Peter Anthony Rowe, Toronto Deepa Mehta Saltzman, Toronto Bernard Sauermann, Toronto Indra Serija, Toronto Michael Snow, Toronto Robert Swerdlow, Toronto Carol Tierney/Lobby Gallery, Toronto Pegi Trowsse, Toronto Peter Walsh, Toronto John Willard, Oakville
2,000	CINEMATEK VISUAL ARTS CENTRE, Toronto (To assist with expenses of weekly film forums.)		
2,000	COUNCIL OF CANADIAN FILM-MAKERS, Toronto (For assistance with research.)		
650	REGENT PARK FILM WORKSHOP, Toronto (For operating expenses.)		
12,000	TORONTO FILM-MAKERS' CO-OP, Toronto (For operating expenses.)		
3,000	VETERANS' TELEVISION AND RADIO ASSOCIATION, Toronto (For a special videotape program.)		
3,000	VISUS FOUNDATION, Toronto (For operating expenses.)		
5,000	WOMEN AND FILM, Toronto (To assist with artistic expenses of a mobile workshop.)		

GRANTS TO FILM-MAKERS
(Up to \$10,000)

- Clay Borris, Toronto
- Peter Cooke, Toronto
- Alan Fastman, Toronto
- Patrick Loubert, Toronto
- Peter Rowe, Toronto
- Lothar Spree, Toronto
- Sylvia Spring, Toronto

GRANTS TO SCREEN-WRITERS
(Up to \$3,000)

- Carol Bolt, Toronto
- Bill Davidson, Toronto
- Rob Forsythe, Toronto
- Roy Moore, Toronto
- Dennis Murphy, Toronto
- Ian Sutherland, Toronto

\$ PHOTOGRAPHIC ORGANIZATIONS

- 7,500 BALDWIN STREET GALLERY, Toronto
(For operating expenses.)
- 500 IMPRESSIONS MAGAZINE CALENDAR,
Toronto
(To assist with artistic expenses.)
- 500 NORTHERN EXPOSURE, Toronto
(To assist with expenses of exhibitions.)
- 4,000 THE PHOTOGRAPHY GALLERY,
Bowmanville
(For operating expenses.)

GRANTS TO PHOTOGRAPHERS
(Up to \$3,000)

- Isaac Applebaum, Toronto
- Tom Arnett, Toronto
- Barbara A. Astman, Toronto
- Michael David Barber, St. Catharines
- Philip R. Bergerson, Agincourt
- Michael Bidner, London
- John Blahut, Toronto
- John Bloom, Toronto
- Robert Bowers, Toronto
- John Chambers, London
- Jeremiah Chechik, Toronto
- Alex S. K. Chiu, Toronto
- Walter Curtin, Toronto
- Jack C. Dale, Willowdale
- Harry Dahme, Toronto
- Robert Gooblar, Toronto
- Gary Greenwood, Toronto
- Isobel C. Harry, Toronto
- Pamela Harris, Toronto
- Connie Hitzerath, Toronto
- Thaddeus J. Holownia, Waterloo
- Miklos Legrady, Toronto
- L. Clive Lewis, Guelph
- Thomas Main, Campbellcroft
- Margaret T. McGowan, Toronto
- Lynn Marie Murray, Toronto
- Neil Newton, Inniskillen
- Angela Nori, King City
- Bill Perry, Toronto
- Michael Alan Pikulin, King City
- Lawrie Raskin, Mississauga
- Lynn Raskin, Mississauga
- Reinhard Reitzenstein, London
- David Lorne Scopick, Toronto
- Wayne Sproul, Toronto
- Eddie Steiner, Toronto
- Shin Sugino, Toronto
- Robert van der Hilst, Toronto
- Lyle Wachovsky, Toronto
- John Willard, Toronto



Photograph by Barbara Astman.

Photograph by Angela Nori.

Photographie de plateau du film 'Les Cerfs-volants' de Georges-André Pied'homme

TYPED COPY OF ORIGINAL

COMMENT
COMMENTAIRE

4

MEDIA SUBCOMMITTEE

of the

CONTINUING COMMITTEE ON RACE RELATIONS

July 3, 1976.
520 Dovercourt Road,
Toronto, M6H 2W4

The Honourable Jeanne Sauvé,
Department of Communication,
Journal Tower,
North Building,
300 Slater Street,
Ottawa K1A 0C8

Dear Madam Sauvé:

I am writing on behalf of Toronto's Continuing Committee on Race Relations in response to your appeal for suggestions from the public concerning federal guidelines for implementing pay television service in Canada. The *raison d'être* of the Continuing Committee is to encourage individuals and institutions not only to acquaint themselves with the background and way of life of the cultural groups in Toronto, but also to analyse their own value systems and cultural biases. The Continuing Committee is a follow-up social action group to the Dialogue on Race Relations in Toronto last winter (see enclosed brochure).

The members of the Media Subcommittee of the Continuing Committee are specifically interested in the possibility of pay television becoming a source of financial support for community programming. (As you know the CRTTC has previously flown a trial balloon carrying the suggestion that cable television direct 10% of its revenue to community programming.) A modest percentage of pay television revenue should be set aside for such basic needs as additional salaried technical staff and animators. A major problem with community television groups is their becoming "burned out" or demoralized by the long hours required, for example, to physically edit the more ambitious videotaped presentations.

With a stable source of funding for community television such projects as Edmonton's non-profit Media School for Kids (see enclosed clipping) could expand into other communities across Canada. The value of introducing young people, especially, to methods of solving problems of intercultural communication through access to "secrets" of the broadcast media "mystique" becomes more apparent each day in Canada (reference the national ignorance concerning the inherent need for bilingual skills).

The Committee appreciates your solicitation of our suggestions. Enclosed for your information is a copy of the book, "Public Access Cable Television in the United States and Canada" which outlines the history and philosophy of an old idea whose time has come for accelerated enlargement and implementation.

The concern about who owns and manages the new pay television agency or agencies is academic provided the Federal Government builds into the contract(s) or franchise(s) the basic Human Rights of Canadians. It is the Media Subcommittee's belief that those Rights should include the right of individuals and groups to a firm financial base from which to do their esoteric community television which the mass media cannot do.

The application of broadcasting to building and maintaining national unity obviously begins not in some national media centre but at home in our own communities where misunderstanding meets vis-a-vis.

Very truly yours.

(Original signed)

Gil Gillespie



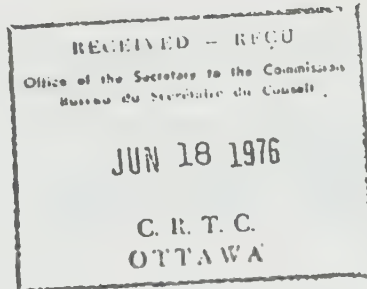
MI MEDIATRONS INTERNATIONAL LTD.

COMMENT
COMMENTAIRE

5

209-256 SIMPSON ROAD
RICHMOND, B.C. V6X 2P9
(604) 273-1305

June 14, 1976



Chairman
209-22

Mr. H. Halladay
Communications Canada
300 - 325 Granville Street
Vancouver, B. C.

Dear Mr. Halladay:

We believe that the policy directions recently indicated in Toronto by the Federal Minister of Communications and by the Chairman of the CRTC have imposed a real urgency on the subject matter of the attached letter. Canada cannot afford the luxury of deliberating for three months on the consequences of its commitment to pay-television.

With the utmost respect for your support in the past, we have, nevertheless, forwarded copies to other members of Government as indicated. We have also requested independently, assistance from the Province of British Columbia in the interest of establishing a viable industry in this Province.

Yours truly,

Basil G. Mykytiuk
Basil G. Mykytiuk
President

c.c. The Honourable Jeanne Suave
Minister of Communications

Mr. Harry Boyle ✓
Chairman, CRTC

The Honourable Ronald Basford
Minister of Justice

The Honourable Ray Perreault



MI MEDIATRONICS INTERNATIONAL LTD.

209-256 SIMPSON ROAD
RICHMOND, B.C. V6X 2P9
(604) 273-1305

June 14, 1976

Mr. H. Halladay
Communications Canada
300 - 325 Granville Street
Vancouver, B. C.

Dear Mr. Halladay:

Pay-Television - A Canadian Opportunity

We have viewed the events of the past two weeks related to pay-TV with considerable interest and enthusiasm. We do have a major concern for the apparent lack of policy direction in respect of support for technological development and equipment manufacture by Canadian companies.

A Difficult time Schedule

The Honourable Minister of Communications observed that pay-TV in Canada is inevitable and that an implementation policy will be forthcoming this coming fall. The Chairman of the CRTC suggested that pay-TV could be operational in Canada by year end.

While this is a difficult time schedule to achieve, we fully appreciate the need for speed if unregulated groups are not to operate and expand outside of existing regulations and perhaps to permanently affect the smooth ongoing operation of pay-TV services in Canada.

Your Minister established the framework for a cooperative effect among the Canadian broadcasting, movie production and cable industries. Representatives from these groups have responded positively with a view to bringing a substantial Canadian content into pay-TV programming.

Canadian programming involves a great deal more than film production. We were disappointed that more attention was not directed to related activities such as film manufacture, dubbing reproductions, equipment manufacture and technical systems development. These areas offer a potential to Canada comparable to programming and afford a very real export

Continued/

opportunity of major proportions. If Canada does not develop its own manufacturing and service capability, it will naturally look to the United States with a consequent reverse flow in trade balances.

The public reporting of events in Toronto indicates that the Department of Communications envisages a subscription system of pay-TV in Canada. The release by the cable industry indicated a leaning toward pay-per-view systems. It is generally recognized that pay-per-view can offer more meaningful quality productions of a cultural and educational nature and directed toward minority groups. While the subscription method offers the appeal of a more simple introduction, we would urge that any such system be adaptable to a pay-per-view system with minimum cost of conversion or equipment modification.

The cable industry is presently investigating means of supplying supplementary cable services such as fire and security alarm systems. This subject deserves serious attention now as part of any pay-TV system in order to offer new revenue sources to the cable operators, thereby minimizing the need for a major contribution from pay-TV.

Canadian Technology and Hardware

Film programming is but one of several types of premium services which can and should be offered to Canadian cable subscribers which will offer new revenue sources to cable operators and minimize the need for any substantial contribution from pay-TV (two of the more obvious services are fire and security alarm systems).

Following the recent Toronto announcements, a major Canadian company with substantial cable interests stated that it was ready to capitalize on pay-TV, but suggested that the necessary equipment would be imported from the U.S. (because equipment was not available in Canada).

The cable industry in North America had its beginnings in Canada, and for many years Canadian cable systems were superior to those in the U.S. The penetration by cable of the TV population in Canada is threefold that in the U.S. Canadian technology in the electronics field is highly regarded internationally and Canada should be the leader in cable communications technology and equipment manufacture.

You are aware Mr. Halladay of the efforts expended by Mediatronics over the past three years in the development of equipment and systems designed to provide premium television programming as well as other extended services on the conventional CATV coaxial cable. Your support and encouragement has been most appreciated.

Continued/

Mediatronics has assembled a unique meld of engineering disciplines - RF, digital, telemetry - to produce pay-TV room terminal converters, central head-end and automatic scanner and billing printer and related systems for hotels. Our first installation is in Toronto's 827 room Chelsea Inn, and incorporates, in addition to two premium movie channels, message light and wake-up alarm services. This first installation (several improvements already developed will be incorporated into the second installation this summer) clearly demonstrates Mediatronics' ability to produce terminal converter units superior to any similar equipment now available in the U.S. or Canada.

We have been approached during the past two weeks by one Canadian cable operator to produce equipment for introduction as soon as possible on one stipulated cable network. This equipment and system was to include select extended services but which has to be adaptable to pay-TV when regulations are defined and implemented.

Mediatronics has the unique engineering specialty resources to undertake the development or final packaging of such equipment. Most of the technology has already been developed and patents have been applied for by Mediatronics for scrambling, descrambling and telemetry systems. The completion of these tasks and a schedule to meet the needs of Canadians requires time and unique capabilities which Mediatronics has but also requires dollars which Mediatronics does not have.

Mediatronics has developed to the prototype stage in each case and has completed initial production runs in certain cases the following modules or components of complete communications systems:

- automated studio using video players or conventional broadcasting
- command generator with two-way telemetry capability
- video scrambler
- addressable home converter - descrambler with two-way telemetry capability
- addressable two channel converter for apartments and hotels
- outdoor mountable addressable tap with multi-channel scrambler, adaptable to both subscription and pay-per-view premium TV, and remote turn-off capability of individual subscriber cable system

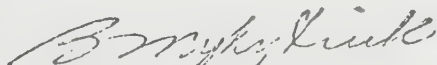
Continued/

- 31 channel CATV converter with and without cordless remote control, but using a production proven CATV converter (DOC-type approved)
- computer controlled head-end scanner and billing printer

We urgently request that the Department of Communications fund the final development packaging and manufacture of an initial quantity of home terminal converters to specifications to be agreed. We firmly believe that the alternative will be the purchase of U.S. equipment, a compromised pay-TV concept in Canada, and quite possibly a permanent loss to Canada of an important industry in which we can and should clearly establish a leadership position. The pressures which will persist in the months ahead mean that Canada cannot afford the luxury of delay if it is to establish its position in the important industry which offers significant potential both in the domestic and export markets.

We would welcome the opportunity to discuss alternative proposals in more definitive terms.

Yours truly,


Basil G. Mykytiuk
President

17 - 537 Steeles Avenue West
Willowdale, Ontario M2M 3Y1
July 15th, 1976

Canadian Radio and Television Commission
(C R T C)
Ottawa, Ontario

COMMENT COMMUNICATAIRE
6

Received by - Regu par
SECRETARIAT

JUL 21 1976

C.R.T.C.

Dear Sirs

Toronto newspapers report that you are interested in opinions concerning PAY-TV. I am employed as a divisional clerk with the T T C and do not have any business or personal acquaintances in the television industry. I am married --- we have three young children --- we use cable.

Newspaper articles indicate that programming on pay-tv would include new movies and special events not covered by commercial tv.

I would like to see a much more creative use of old films shown without commercials --- but not as old as those shown by OISE on Saturday evenings. I'd like to see these old films during prime time and possibly view them more than once in the same week. On occasion certain areas could become a festival (musicals, directors (Hitchcock), foreign material). They should be presented without discussions. I feel this is IMPORTANT and I would be willing to pay for it. Excellent films without commercials and censorship are not often found on television.

My suggestion - a two channel system --- one channel with older material (\$5.00 monthly) OR the other channel with new material (\$8.00 monthly) OR both for \$11.00 to \$12.00 monthly.

Sincerely yours,

Colin N. Brown
Colin N. Brown

Received by - Regu par
SECRETARIAT

JUL 21 1976

C.R.T.C.



Willowdale, Ontario M2M-3Y1

August 5, 1976

Received by - Regis [unclear]

SECRETARY

AUG 10 1976

Quimet
209-22

C R T C

100 Metcalfe Street

Ottawa, Ontario

K1A 0N2

COMMENT
COMMENTAIRE

ADD To 6

Dear Sirs

Attention Miss Lise Ouimet

re elaboration of my letter dated July 15

I am very disenchanted with both American and Canadian television and would like to see Pay-TV develop a steady flow of intelligent programming instead of the current occasional dribble. I'm not concerned about the potential benefits to the Canadian broadcasting system but am very concerned about the benefits of the paying audience.

The rechannelling of the profits from Pay-TV should gradually allow more good products to surface thereby strengthening the industry. Meanwhile I am not concerned whether we are to be exposed to a Canadian or American product but that we be exposed to a GOOD product. The nationality of a good product is unimportant to me as a member of the audience at this time.

I've previously expressed an interest in seeing old films. If a film such as The Third Man is currently televised I will not watch it because it pains to suffer the slaughter of the flow of the rhythms. I'm also against censorship or any cutting or editing of good films. The educational vitality of the Canadian viewer could have dramatic results if Pay-TV develops the birth of visual concentration.

The basic structure of Pay-TV is the elimination of interruptions. What a gorgeous opportunity you have ---- don't you dare miss it!

Best wishes,

Colin N Brown
Colin N Brown





709-22

THE SOCIETY OF FILM MAKERS

COMMENT
COMMENTAIRE

July 15, 1076

Mr. Harry Boyle
Chairman CRTRC
Ottawa, Ont.

RECEIVED - 1976
Office of the Secretary to the Government
Président du Conseil du Cabinet
JUL 27 1976
C. R. T. G.
OTTAWA

Dear Mr. Boyle,

May I present to the Canadian Radio and Television Commission the Society of Film Maker's position paper on PAY TV. The Society's particular concern is that neither the CBC nor the Private Networks have shown any serious intention in investing the Canadian Film Industry. We wish to be sure that PAY TV will not be just another vehicle for making more money without having some of those funds diverted into the production of Canadian films.

Sincerely yours,

Paul Fritz-Nemeth
President

[illegible]



THE SOCIETY OF FILM MAKERS

PAY TV - A SOCIETY OF FILM MAKERS POSITION PAPER.

The Commission is aware of the disadvantageous position to which the Canadian Film Industry has been brought through surrender of Exhibition and Distribution control to foreign venture capital. The Society of Film Makers notes that an identical peril exists in PAY TV Broadcast and that positive steps must be taken, from the very outset, to combat it. Trend patterns of PAY TV development will have predicatable end result of no benefit to the nation as a whole and bounteous receipts to the few.

Thus we maintain that the onset of PAY TV in this country must be co-incident with a strengthened capacity for indigenous production programming that would permit exchange of product, on a reciprocal basis, with other nations. The appearance of PAY TV in this country should be delayed or denied until this capacity for Canadian supply of entertainment is substantiated in terms of quality and quantity.

The SFM places no confidence in the administrative capability of the CBC to deal effectively with new innovations. It is now a matter of record that that organisations' deficiencies of vision have left cable development in private hands and has denied the nation of high sources of remuneration that follow monthly cable rentals by large number of Canadian households.

The CBC has done little to assist the private producer to create original programming either by broadcast of end result or creative financial co-production. The Corporation also lacks initiative in quality programming at source. Thus we hold that organisation responsible, in part, for the invidious position of the Canadian Film Industry.

The SFM spiritedly opposed the CBC's lack of interest in cable operation for we had perceived the initial drift towards the loss of public control in television, paralleling in identical fashion, the arrested motion picture development in Canada smothered in adolescence by powerful private interests.

We anticipate an amalgamation of foreign technology franchises combining with cable distribution enterprise in joint perpetuation of the commercial on a misled society.

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 P.O. BOX 118, LES CARMES STATION, MONTREAL, QUEBEC, H2V 5J6
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The SFM has long advocated the imposition within certain groups, of a TV licence fee to home viewers; Governments have not availed themselves of the resource of funds even though such action could have assisted the development of Canadian performing artists and reduced the number of undesirable airings of unimaginative commercials.

On the other hand private investors have been permitted to exploit the population by canned and dumped programming for which the public, or some section of the public, have been willing to pay eight to fifteen dollars a month for a cable input. This revenue being, largely a profit that could be returned to the coffers of the Government, federal or provincial, has rather, been returned instead to hard headed exploiters who have little interest in the preservation of Canadian national aspiration unless they are subject to the proper dictate of the CRTC.

It could be argued that the operation revenues of the CBC are already drawn from the income taxes of citizens and thus no further monies might be expected as due from the population to sustain the costs of programming. However, governments do impose entertainment taxes on cinemas, theatres etc. and we see no distinction between this type of diversion and TV viewing. If there remains an objection to the former argument then, as an alternative to the imposition of a licence fee there should be a compulsory withholding of the CBC operation fund to an amount equal to that which might be expected from licencing, i.e. five million dollars, to fund private production, irrespective of what might normally be expected to be commissioned from the private industry under the customary programming activities of the CBC. The figure five million dollars is drawn from the assumption that approximately six million seven hundred thousand Canadian households possess a TV resource which would be taxed at one dollar per year. Bureaucratic expenses would probably absorb the difference between the aforementioned figures.

With PAY TV will come a rush of the distasteful motion picture programmes that have previously glutted the theatrical exhibition circuits. The SFM advocates that the only effective moral control is by virtue of taxation. Taxation would be on a graduated scale for those productions where content is rated to be of salacious or violent character. Such a form of taxation would be preferred to any form of censure.

Governments have long exploited the fallibilities and the predilections of the masses by taxing alcohol, tobacco, gambling and entertainment. Measures are now required to tax, heavily, pornography. It would be hypocritical of government not to make a tax profit on preferentials in the depiction of sex activities.

Thus, the SFM recommends that: -

- 1) In no fashion should PAY TV be allowed to develop as a purely private monopoly.
- 2) PAY TV programming must be instituted, paced and synchronized to growth of Canadian capacity for program content as a prime fulfilment.
- 3) PAY TV is to be, effectively, Canadian owned, Canadian designed, to be THE distribution outlet for Canadian motion pictures of all types.

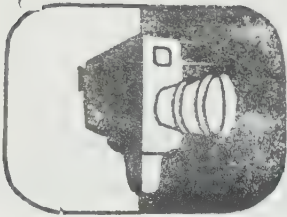
- 4) There should be no diminishment of films for convential TV. The pattern of exhibition will follow : First Run - Theatrical exhibition; then PAY TV; with ultimate release of all product on free commercial television.
- 5) PAY TV control shall be vested in a Canadian Communication Corporation having jurisdiction over matters such as reciprocal agreements for foreign product. This commission, be it federal or provincial, shall be the "watch dog" of PAY TV operation, to ensure program vitality. It shall ensure maximum financial return to the nation for public underwriting of programming expenditure.
- 6) There shall be the development of indigenous Canadian technology and methodology of PAY TV presentation and broadcast. When transmission interference difficulties have been surmounted a preference for satellite distribution should be confirmed. This matter to be referred to the National Research Council.
- 7) All programs for PAY TV are to be rated to a category for taxation purposes.
- 8) There shall be a national imposition of a radio/TV licence fee to operate a home receiver, with income rated exceptions, for a logical source of production funds or alternatively, withholding an equivalent amount of CBC operating funds for private industry.
- 9) Governments to have power to close down transmission in the public interest without prejudice, to conserve energy and reduce home power consumption.

With regard to Recommendation 5), the SFM is of the opinion that an utterly re-constituted Canadian Film Development Corporation could form the basis of a Canadian Communications Corporation.

Categorically, the SFM is not prepared to condone the continuity of the present CFDC structure or its leadership, we consider to be, in the kindest terms, inadequate. Replacement of the present officials is an absolute necessity for any success of a restructured Corporation entity.

This complete reconstruction of the CFDC must be undertaken as a matter of the highest priority and if the Corporation is to be used constructively in PAY TV administration then no remote decisions as regards the future of PAY TV can be made in isolation by governments. The professional organisations of the industry must be consulted. Governmental deliberations affecting the industry must be approved by representatives of the practitioners in industry before imposition by government. The CFDC is a prime example of decisions made in isolation from the real world in which they must officiate. The Society of Film Makers would be happy to make its informed views known in the hope of beneficial application and our membership is ready to be of service.

Paul Fritz-Németh, President
Society of Film Makers.



West Kootenay Cablevision Society

XXXXXX
Box 242

XXXXXX
Nelson B.C.

VII-589
XXXXXX

Box 62,
Trail,

B.C.

22nd. July, 1976.

COMMENT
COMMENTAIRE

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Received by - Reçu par
SECRETARIAT

JUL 27 1976

C.R.T.C.

Mr. Guy Lefebvre,
Secretary General,
CRTC,
OTTAWA,
Ontario.

ref. PAY TELEVISION

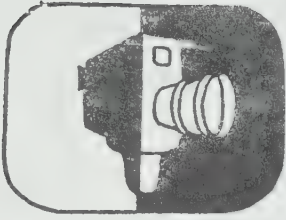
Dear Sir,

We, the directors and members of the WEST KOOTENAY CABLEVISION SOCIETY wish to place our views on PAY Television, in relation to the present cable systems and the relationship to Canadian Content, in broadcasting, on record.

WE feel that the imposition of the September 1st. deadline with deep suspicion, as a majority of the associations and societies, like ourselves, have adjourned for the Summer Recess and will not return until the middle of September. Also, the Federal Parliament is also in recess until Mid October, hence, why the unseemly haste?

Using the references of your public announcement, in regards to PAY television, we feel that the ideas of a private monopoly and public corporation are ABSOLUTELY OUT OF THE QUESTION, going on the present record of the cable companies, CTV and CBC. NOT ONE OF THE afore-mentioned has ever considered Canadian Culture, film industry and the Canadian people whatsoever, LEAST of all the CBC!!!. The CBC's record is atrocious in relation to Canadian content, with a maximum of 50% of Canadian content, on average, during prime time. ^{THIS IS TRUE} This contravenes their working charter and also the CRTC regulations, for a public broadcasting corporation.

^{RECEIVED}
The idea of a private monopoly is received with a definite NO, as this means a TOTAL control by the OTTAWA, TORONTO, MONTREAL Triad, as well as feeding garbage US material 'made' in Canada into the system. ^{11 11 3 8 6} The Cable companies have absolutely NO CONSIDERATION for Canadian content, especially if it is obtained from the West.



PAGE TWO

West Kootenay Cablevision Society

Box 242

Nelson B.C.

V1L 5P9

/- We cannot expect a combined public corporation and private monopoly to operate in any way for the public(Canadian) interest , any more than the private or public corporations.

We sincerely advise the Minister, Mme. JeanneGauvé, to consider the third system in terms of a Public Television Corporation, with ABSOLUTE REGIONAL AUTONOMY in programme direction, production etc, as the present US system works. The Regional station would have the discretion to accept or reject any programmes coming from other stations, through a network system. Small Canadian film producers should be used to produce the many documentaries that will be needed to feed such a system. These small units will be able to produce a film for a third to half the cost of the CBC, CTV and NFB, because they operate on a contract basis, hiring camera crews, only when they are needed, thus keeping overheads to an absolute minimum, in other words: they are EFFICIENT !!!!!

Before any thought of setting up a pay tv system or 3rd(public) network, the Cablevision Society feels that the CBC itself should be totally overhauled and revised on a TOTALLY REGIONAL BASIS, with REGIONAL AUTONOMY in programming, funding and local planning policy. Television viewers should be strongly encouraged to send in their views on programming, suggestions, complaints etc., with a viewers panel operating on a consultative basis with the station staff. CBC has been requesting further federal funds, but we feel that such money is already available in money used for purchasing US imports. These imports should be reduced by at least 90%, thus enabling Canadian content to rise to the minimum of 80% required, under CRTC requirements for on-air broadcasting.

These are our earnest opinions on the idea of pay-tv ,is that is it is not only not necessary, but totally undesirable under the present circumstances.

Yours Sincerely, Pres. B.Godderis & Directors of the W.K.C.S.

Per R. Tarplett Sec / Treasurer.

COMMENT
COMMENTAIRE

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THE PEARSON PROPOSAL

BY

Peter Pearson

Copyright by ORO FILMS LTD. 15 Falcon Street, Toronto. M4S 2P4
July 19, 1976

Jeanne Sauve, Moses Znaimer, Susan Crean, Colin Watson, Pierre Juneau, David Perlmutter, Sandra Gathercole, Phil Lind and Harry Boyle all claim adherence to the same doctrine of PAY TV. Which, in itself, is enough to make one suspicious.

Harry Boyle said it best: "It would be inexcusable to miss the opportunity to convert technical systems to a national purpose." And yet, none of the formulations yet devised, the CRTC's, the CCTA's, the CCFM's really seems to answer the needs of that puffed-up mandate. By hook or by crook, we seem determined, one more time, to place ourselves in a minority position, allowing foreign (read American) programming to fill the bulk of the PAY TV schedule, and provide the base of financing for Canadian production. It is just not good enough.

Without putting too fine a point on it, PAY TV has the potential to be the most lucrative delivery system of visual materials yet devised. And as such, it is probably that within the next ten years, it will make a serious dent in commercial film exhibition and distribution, commercial television, and even live performances. Within twenty years, it will probably wipe out all but the vestigial remains of commercial film and television structures as we presently know them.

Most thinking about PAY TV has been restricted to the immediate future. And most thinking has been based on the American model, the only archetype in operation. As a result, Canada risks, once again, the danger of buying, holus bolus, a delivery system totally unsuited to its needs, cultural or economic; detrimental to its expression, and thoroughly menacing in its power and penetration. It risks repeating the egregious errors of our past, and enshrining the package of compromise in a bureaucracy of unfathomable dimensions. The same old wooden pennies are hitting the floor: Canadian content; private vs. public enterprise; network licensing vs. regional control. Canadians have a falir for the complicated. It's the blood of the technician reappearing. Unfortunately, if we make the wrong decisions this time, we may not have a reprieve. Because PAY TV will carry us well into the twenty-first century.

Consider for a moment, some of the possibilities: Consider not one PAY TV outlet, but ten, twenty, even fifty. (In St. Hubert, an experimental programme is already offering eight separate channels.) Consider not a subscription basis of so much per month, but a pay per programming charge. (In Columbus, Ohio, there's already a pay per programme system.) Consider not the rinky dink 21" screen, but the three foot, the five foot....whatever size screen you wish. Consider the capacity of a television box to receive almost any film or television programme upon demand.

Most of the technology for such systems is upon us. The audience is ready, and the market affluent. Unfortunately the technology is more prepared than those it would serve. As I said at the beginning, given the high minded purpose, we have yet to develop a corresponding intelligence vis a vis PAY TV. We seem to plunging headlong into a system that we have known for years to be unworkable: one more network operation controlling the programming; predominantly foreign material; centralized control.

I would like to propose an alternative.

First: ALL PROGRAMMING SHOULD BE 100% CANADIAN. We should take all those high-minded regulators, businessmen and producers at their word. If indeed PAY TV is as important as they say, why not? We have for years been pointing out the suffocating control American interests have over our distribution and exhibition film industry; we have lamented the dumping practices that have debilitated our television. Why not, given the high expectations for PAY TV, turn the system over to exclusive Canadian production.

Second: THE NETWORK SHOULD BE ONLY A COMMON CARRIER. It should be treated like the telephone, telecommunications, etc., with no power to originate, finance or involve itself in any way in programming, production or scheduling decisions.

Third: PAY PER PROGRAMMING should be the only revenue generating system. Thus a producer would be responsible for finding independent financing for his programme, would rent the network when he wanted it, and would then collect ALL revenues after the costs of transmission were paid. The production would then be his to market elsewhere: in theatres abroad, to commercial television or in 16mm.

These three premises: 100% Canadian; Network as a Common Carrier; Pay per programming, would then begin to fill the mandate we have all set out for ourselves.

1. First of all, responsibility for the success or failure of the system would rest squarely on the shoulders of Canadian producers. They would be responsible, from the initial conception of their production to the final transmission, for all aspects. There would be no more exhibitors, distributors, bookers, network executives, programme supervisors, CRTC regulators, or even possibly censors. The producer would have direct access to his market, all of Canada, whether he were transmitting live, on tape or on film. He would have the right to determine the per home charge for his production. Whether five dollars for an expensive special, or 25 cents for a re-run of famous Canadian silent films. He would be responsible for the marketing, advertising, promotion and publicity of the film before it went on air....and would receive his revenues according to his box office gross.
2. There are about 1100 hours of prime time on a channel in one year, and the question has been raised as to whether we have the capacity within Canada to fill it. The initial response of producers seems to be positive. Think for a moment of the live broadcasts: rock shows, concerts, plays, sports events, that would be only too happy to plug into a revenue earning system; think of producers like Anne Murray and Gordon Lightfoot who don't do commercial television because they cannot control all aspects of production. Then think of the tape possibilities, the film possibilities and one starts to sketch out an impressive programming possibility. If in fact the schedule is not full, then let the network go to black. This is not commercial television, nor is wall to wall programming mandatory within the system. If the channel is overflowing, there always exists the possibility of a second channel, a third whatever.
3. The hardware and installation should not be too complicated. Canada has abundant expertise on network distribution. Whether the common carrier is microwave, satellite or direct broadcasting must be decided by those with sufficient expertise. The home to home delivery again seems a simple problem. Cable systems could deliver the PAY TV signal, install the collection box and then return the revenue to the network for a fee, the cost being

about a dollar per home per month. Most of this technology is now computerized, and the only initial cost would be the charge box. Thus the subscriber could plug into the system for, say, a dollar a month, twelve dollars a year. Any spending after that would be discretionary.

4. The coaxial cable has the capacity to distribute not only visual transmissions, be they live, videotape or film, but also printed information; the coaxial cable has an information retrieval capacity: so that anything from stock market quotations to the price of steak can be sought. And once a retrieval system is set up and fully installed, the whole nature of programming will have changed. No longer will there be a limited number of networks offering you their choice of programming for the evening, but you will choose your material. Nothing more complicated really, than dialling a telephone and choosing who you wish to speak with.

And then at that point, CRTC, with all the best intentions in the world-- Canadian content and all--will be but one more obsolete regulatory agency, with little to regulate. That is still very far down the road. But the decisions taken within the next year will point us irrevocably towards a destiny in film and television production. And if we mistake our priorities at this point, it will be next to impossible to retrieve them in the next generation.

CONCLUSIONS

Pay television raises profound questions which have scarcely been touched in the thinking of those that would decide, administer and invest in such a system. At this point in our history, we can surely do better than to give lip-service to Canadian aspirations and then turn around and make PAY TV but one more conduit for foreign production interests.

Thus, 100% Canadian should be the least one could expect. Moreover, producers have little need for paternalistic network structures to guide and determine broadcasting choices. But if they are to succeed or fail, they must do it on terms that will allow them to yield the profit of their work. They must reap returns commensurate with their audiences. Despite ourselves, Canadian producers are big boys and girls, capable of wiping their own noses.

In the months ahead, what we can hope for from the CRTC and its chairman as they formulate their decisions is a degree of vision. We surely must have enough confidence in ourselves and our capacity, not to repeat the failings of our broadcast history.

If as we enter this debate we understand our own priorities, perhaps we can then reach our own objectives. The American model has failed us. This time we need our own.



Canadian
Conference
of the Arts

Conférence
Canadienne
des Arts

209-22

Patron of Honour
His Excellency The Right Honourable
Jules Léger, C.C., C.M.M., C.D.
Governor General of Canada

President
Elizabeth Lane

National Director
John Hobday

Patron d'honneur
Son Excellence le très honorable
Jules Léger, C.C., C.M.M., C.D.
Gouverneur général du Canada

Présidente
Elizabeth Lane

Directeur général
John Hobday

Secrétariat
3 Church Street
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August 17, 1976.

Received by - Reçu par
SECRETARIAT

M. Guy Lefebvre,
Secretary-General,
Canadian Radio-Television
& Telecommunications Commission,
Berger Building,
100 Metcalfe St.,
Ottawa, Ont. K1A 0N2.

AUG 19 1976

C.R.T.C.

COMMENT
COMMENTAIRE

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Dear M. Lefebvre,

Attached please find a copy of our Interim Brief on Pay-TV, the original of which was sent to Mr. Harry Boyle on August 6. We sincerely hope that you will give the points raised in this document your most thoughtful consideration and recognize the sense of urgency with which they have been made.

Yours sincerely,

John Hobday
National Director.

JH/mn

P.g. 2.221
406



Canadian
Conference
of the Arts

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des Arts

INTERIM BRIEF

to the

CANADIAN RADIO-TELEVISION AND TELECOMMUNICATIONS COMMISSION

from the

CANADIAN CONFERENCE OF THE ARTS

on the subject of

PAY-TV

August 1976

INTERIM BRIEF to the Canadian Radio-Television and Telecommunications
Commission on the subject of PAY-TV

THE CANADIAN CONFERENCE OF THE ARTS represents a membership of 325 arts organizations and some 615 individual artists in all disciplines in all ten provinces and territories, a membership transcending geographical and cultural groupings.

A healthy, creative artistic life is an essential element of the spirit and coherence of any nation. Opportunities must therefore exist to allow artists not only to achieve the highest possible expression of their art, but also for that expression to reach people. In this, the electronic media are crucial. Without the involvement of her artists, Canada cannot exist as a nation.

Nor can she exist without firm control over her broadcasting system. The arts community, like any segment of the public, has a right to be heard in the shaping of broadcasting policies, in the development of Pay-TV as in any other aspect of broadcasting in Canada.

The Canadian Conference of the Arts has viewed with increasing misgiving the slow decline in the overall quality, certainly the artistic quality, of broadcast programming in Canada with its proliferation of program alternatives, and especially in the English services the massive intrusion of American television. The CCA has in fact established a Task Force to assess this alarming situation.

We are now notified that the advent in Canada of Pay-TV on a large scale is inevitable, and imminent -- Pay-TV, that logical extension of the vast and profitable American amusement industry. We have read, and are impressed by, at least the words of the Minister of Communications, the Commissioner of the CRTC and others, with their expressed concern that the Canadian voice be clearly heard in Canadian Pay-TV programming. It has been suggested (although no more than suggested, it would appear) that some 15%, i.e. sums of the order of \$10 million annually, might speedily be made available from the revenues of Pay TV to be invest

in Canadian screen production and that thus Pay-TV might make a positive contribution to Canadian programming.

In her speech of June 2 to the Canadian Cable Television Association the Minister of Communications, the Honourable Jeanne Sauvé posed a number of questions and set out a few criteria concerning Pay-TV.

- (1) It must provide a range of programming which does not duplicate that now offered by broadcasters and must do so without siphoning programs from the broadcasting system.
- (2) It must ensure the production of high-quality Canadian programs that Canadians will watch.
- (3) It must ensure that programs are produced in Canada for international sale.

To the Canadian artist, No. 1 has significance only if coupled with guarantees of significant Canadian participation in the production of new program content.

In No. 2, setting aside the Utopian dream expressed, the terminology makes it unclear as to whether the system will merely "ensure the production of high-quality Canadian programs", or will further ensure that these or some of these will form not only part of Pay- and other TV programming but indeed an important prime time component. (In any case, the CRTC Commissioner himself apparently seems resigned to the fact that initially Pay-TV programming would be almost exclusively of foreign origin, mostly American for at least the first couple of years, thereby habituating the paying viewer to assume, as did the Canadian movie public in the '30s, that Canada has no natural right of access to such an important medium. This will present future problems of "re-habitation".)

No. 3, in asking that programs produced in Canada be assured an international sale, is entirely laudable in principle; but a sale depends also on a buyer -- can buyers be guaranteed?

The Minister's speech to the CCTA pointedly also states that "it is probably best to separate delivery of the signal to the home from program production and packaging". Why "it is probably best" is not stated; nor in this speech to an association of profit-seeking entrepreneurs is it stated "best" for whom. We remember that the Canadian Association of Broadcasters has urged for years that its "rival" the CBC be reduced to a production unit only, divorced from a distribution system outside its control; thus of course could a production source be castrated from its delivery system.

Assuming that at least the gateway to the Pay-TV distribution system will be under firm Canadian regulatory control -- and no other course should be allowed -- nothing is said in the Minister's speech to suggest either a mechanism by which Canadian "programs" would best be produced from subsidy funds provided by Pay-TV, nor a relationship between producer and distributor. Would a distributor be forced to carry a bad production for example? Would a producer be sure of a Pay-TV outlet before the decision is made to proceed with a production? Would all the subsidy funds be channelled into feature films, into production in only one language, in only one region; into what other kinds of "program" material perhaps? What would be the "further use" Canadian market for such productions -- would Pay-TV provide their be-all and end-all? What indeed would constitute "Canadian" productions?

Are the comparatively few "Canadian" hours per year of Pay-TV program time (how much can really be bought with \$10 million?) a trade-off sufficiently to the advantage of Canada as a nation to weigh in favour of a system which is paid for

by revenues most of which would leave the country to do their part in sustaining foreign production? Since the whole point of Pay-TV is (after profits) to recover funds for production, what would be the formula to make possible in the future a greater and greater output of Canadian production? Is 15% of the revenues to remain a fixed proportion? If so, why? If not, what?

These are not simple questions.

Such questions are so complex indeed that one marvels that the Minister, announcing her policies in June, should immediately call for reasoned briefs within three months (summer months indeed, notoriously difficult for convening conferences and meetings), so that the CRTC may establish its guidelines in jig time, and "mirabile dictu", call for licence applications "well before the end of the year"! One also wonders why no provision seems to have been made for public hearings.

The Minister herself has warned that the introduction of Pay-TV into the Canadian broadcasting system promises to be a "watershed" in the history of the system. Such frantic haste to establish basic principles almost guarantees the adoption of badly thought-out policies, short-term solutions with special benefits to those vested commercial interests most able to "win by default". The cable and broadcasting industries, whose development of the Canadian product has been lamentable at best, will of course quickly hatch coherent briefs and structures to further their own interests. (Indeed CTV has already laid the groundwork for a private corporation "to compete on a more equal footing with the publicly-financed CBC", in direct contravention be it noted to the unified "broadcasting system" clearly prescribed in the Broadcasting Act!) Other public groups perhaps with contrary interests simply cannot do so on such short notice, especially during the disruptive summer months. This is largely true of the arts community even through its largest and most effective voices, including the Canadian Conference of the Arts.

The CCA therefore urges in the strongest possible terms that fundamental decisions establishing the character and future policies to govern Pay-TV not be made in this precipitous haste. The notion that a "watershed" development such as Pay-TV can be adequately gestated in half a year is questionable in the extreme. Even a baby needs more time, and Nature has billions of prototype patterns to guide her.

The CRTC has not even one.

SUMMARY

The introduction of Pay-TV promises no less than a major revolution in Canadian broadcasting.

On the one hand the suggestion has been made that some funds generated by Pay-TV be used for the development of Canadian films and programs, funds which could in themselves buy no more than perhaps a few days of Canadian programming per year, at best.

On the other hand it is proposed that a "structure" be conceived, debated, worked out and implemented in the space of scarcely more than half a year, which is to take into account complex problems of the creation of an industry, the relationship of that industry to other allied industries in Canada including the existing broadcasting system which has taken half a century to evolve and which even so is sadly lacking in its commitment to the integrity of this country.

The Canadian Conference of the Arts insists that more time is needed, as are public hearings, so that these questions can be studied and debated by various vitally-interested segments of the Canadian public, including the arts community of which CCA is a substantial spokesman.

(Original signed by Elizabeth Lane, CCA President; John Hobday, National Director; and Keith MacMillan, Chairman, Task Force on Broadcasting and the Arts.)

COMMENT COMMENTAIRE
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C.R.T.C.

AUG 26 8 47 AM '76

A SUBMISSION TO:
THE CANADIAN RADIO-TELEVISION
AND TELECOMMUNICATIONS COMMISSION

Received by - Regu par
SECRETARIAT

AUG 26 1976

C.R.T.C.



CANADIAN FOOTBALL LEAGUE

Suite 908, 11 King Street West, Toronto, Ontario M5H 1A3 Telephone (416) 366-8591

24th August 1976

Mr. Guy Lefebvre
Secretary General,
Canadian Radio-Television and
Telecommunications Commission,
Berger Building,
100 Metcalfe Street,
Ottawa, Ontario.

Dear Mr. Lefebvre,

On the 30th of June 1976, the Honourable Jeanne Sauvé requested that the Canadian Radio Television Commission receive submissions concerning the development of a pay-TV program agency.

It occurs to us that the Organizations the Honourable Minister would be most interested in receiving such submissions from, would be those that are directly involved in broadcasting because they would be most directly affected by the form and function of the proposed pay-TV agency. However the undersigned welcomes the opportunity to express certain views as a representative of a Canadian National Sports entity which could be affected by decisions concerning the structure of pay-TV in Canada.

Such views are expressed on the ensuing pages of this submission.

Respectfully submitted,

CANADIAN FOOTBALL LEAGUE

J. G. Gaudaur, Commissioner.

The Principle

In consideration of the exhibition of Canadian Football League games on television by any form, the Canadian Football League has always believed and continues to believe that it should have full copyright protection and therefore have the right to authorize or deny such exhibition. Canadian Television Networks and individual transmitting stations (i.e. "free air" television) have recognized this right and over a period of some 23 years CBC and/or CTV have entered into an agreement with the League defining the basis on which the League was prepared to assign the right to televise its games from their respective transmitting stations except from any such stations located in an area within 75 miles of the City on the day a CFL game is being played there. This area is generally referred to as the blackout area.

On the other hand a form of television generally referred to as cable television has not recognized the right of the League or the television networks to authorize or deny the exhibition of its game by cable television, and in effect, has taken the television signal of the games produced by a network and sold it to their subscribers. We are aware that Cable relies on a 1954 Exchequer Court ruling which in turn was probably based on copyright laws written before television was an operating medium. However it seems to us that for the same reason copyright presently protects musicians and writers whose works could otherwise be copied and sold, it should also protect a television production. It seems strange that a book may not be copied and sold for profit when a television show involving writers, performers, etc. and costing thousands of dollars to produce, may be, when the only difference is the medium.

...../2

The copyright aspect is mentioned here only to state that we believe that cable television is in effect pay-television and of course it has existed for many years. The Canadian Football League does not agree with a principle where one entity can acquire for nothing a product produced by another, and sell it for gain without the authorization of the producer of the product, particularly when, as is the case with Canadian football, the sale of the television product in the blackout area would most certainly kill the sport.

However it is our understanding that the form of pay-television which has motivated the Commission on 30 June 1976 to call for submissions, is a form that will produce its own programming and/or acquire product to offer as programming to its subscribers as a special service and that in the latter instance it will recognize fundamental rights of product ownership and be prepared to enter into an agreement with the producer and/or owner of the product to define the basis on which the programming can be exhibited on television.

Conclusion

The Canadian Football League supports the principle of pay-TV as a desirable broadening of options for the Canadian television viewer provided that the agency or organization which was authorized to acquire product to distribute as television programming to licensed broadcast outlets and/or the broadcast outlets themselves would not "air" such programming without the authorization of the producer of the product.

We do not propose to make specific representations concerning the form and function of a pay-TV agency but we do not feel pay-TV should be encumbered in any way which would preclude it from competing with existing forms of broadcasting in Canada. At the same time pay-television should not be given any competitive edge and should be regulated to no less degree by the Canadian Radio-Television and Telecommunications Commission than are other forms of broadcasting in Canada.

Pay - T.V. Application
to the
Canadian Football League

It goes without saying of course that the Canadian Football League would naturally support any undertaking which had the potential of providing a new source of revenue. Indeed, we believe that viewer rating information will confirm beyond any doubt whatsoever that Canadian football as played by the teams of the League make possible the production of high quality Canadian programs which Canadian television viewers will watch, an objective which has been stated by the Commission as one of three fundamental objectives which pay-TV must achieve.

We have seen published reports to the effect that pay-TV has the potential to be the financial "saviour" of the Canadian Football League and we particularly welcome the opportunity to set the record straight, so to speak, on the application of the pay-TV concept to the exhibition of League games on television in Canada. In doing so we will disregard such pay-TV applications as the exhibition of its games in theatres or arenas and deal only with the exhibition of its games via household television sets, both within and without of the established "blackout" areas defined on page 1 hereof.

1) Outside of the Blackout Area

As noted earlier, the Canadian Football League for many years, has annually sold the right to CBC and/or CTV to exhibit its games on television throughout Canada except in a CFL franchise area on the same day a game is being played

there. We note that the Honorable Minister has listed as one of the three major objectives which pay-TV must achieve is that "it must provide a range of programming which does not duplicate that now offered by broadcasters and must do so without siphoning programs from the broadcasting system". It would appear that if such an objective became a firm regulation that the Canadian Football League would be prohibited from selling the exclusive rights to pay-TV instead of to the networks. However even without such a regulation, it would in the opinion of the writer, be inadvisable to charge Canadian television viewers to watch Canadian professional football when they have always been able to watch it free on television. Even if there were sufficient viewers who were willing to pay a fee which would produce more revenue than is currently being realized from a network sale it would be inadvisable because whereas "free air" television has the ability to virtually reach to all parts of Canada, pay-TV would be relatively limited.

The only potential for a pay-TV application outside the blackout area would appear to be in the televising of games not otherwise scheduled to be televised. Each year the League sells the right to a Canadian television network to televise all of its regular league and playoff games in Canada and also gives to such a network the right to assign to another Canadian network the right to televise any of the games in Canada that it does not elect to televise. The League of course is desirous of having all of its games televised but has been able, in negotiation, to make it mandatory only, that a minimum of 23 games be televised in each Conference. Our experience is that of a total of 72 games of the regular schedule approximately 45-50 each year are televised by both networks plus all playoff games and the Grey Cup Game.

The only potential for an application of pay-TV to Canadian Football League games in the area outside the blackout area would appear to be the exhibition on pay-TV of those games on which the network rightsholder or its assignee network failed to exercise their broadcast rights. It is not known whether the networks would have objections to the telecast by pay-TV of games they failed to televise and of course there would have to be sufficient "purchasers" of the pay-TV product to offset the production and distribution cost of the television signal to make it a viable pay-TV proposition.

Conclusion

To sum up this category of pay-TV potential, it is highly improbable that in the foreseeable future there would be an application of pay-TV to the exhibition of Canadian Football League games on television in Canada outside of the blackout area.

2) Inside the Blackout Area

As noted on page 1 hereof, the Canadian Football League has never sold the right to televise its games in an area within 75 miles of the City, on the day a League game is being played there. The exception has been stations located in the area on the day the Grey Cup Game is played there and a station located in Peterborough on the day games of the Toronto Club have been played in Toronto in the instance when Toronto area cable systems have undertaken to refrain from re-transmitting the Peterborough signal of such games. Further the League for some years permitted the televising of the final Eastern Conference playoff game in the area in which the game was played but was forced to abandon it when seat sale declined dramatically.

...../7

There is no doubt whatsoever that if the games were televised in the area where they were played, the sport of Canadian professional football could not exist. Those who disagree will point to professional hockey as basis for disagreement with football's television blackout policy. However hockey is played indoors and weather therefore is not a factor. Further of course whereas football stadia are capable of seating up to 53,000 in Canada, hockey arena average between 15-20,000 in capacity and are therefore sold out for the most part to subscribers. Canadian football averages between 15-20,000 subscribers per Club as well but there are only 8 home regular league games for each Club and 5 post season League playoff games in Canadian football, whereas in hockey, with approximately 50% of the number of Players on their roster to pay, there are 40 home regular league games for each Club and 61 potential League playoff games.

The adverse impact of televising football games in Canada in the area in which they are played in open air stadia, has been categorically proven, not only in the case of Eastern Conference playoff games referred to earlier, but in the early Sixties in Montreal where attendance at League games of the local Club declined from a perennial sell-out situation, to a 50% attendance over the five year period that home games of the Club were authorized to be exhibited on Montreal Cable Systems. Even if a Club was to enter into an agreement whereby it would receive for the right to televise its home games in the area in which they are played, a sum which would guarantee the equivalent of a sell-out it would not be desirable. With the high risk of inclement weather in Canada in October and November, it is most probable that all but the most rabid fans would stay at home on a cold, rainy or snowy day and watch the game in comfort and for considerably less it would cost to go to the stadium and more importantly few fans would be motivated to purchase seasons tickets the life blood of any professional sport.

We would want to note here that after the Cable Systems in Canada developed an ability to re-transmit distant signals, that in the case of Canadian football, some Systems commenced re-transmitting signals in the area where a game was being played. Therefore whereas the League for the sake of keeping the sport alive would not authorize the networks to televise a game within 75 miles of the City where the game was being played, Cable Systems were so televising the Game without authorization, thereby doing something the producer of the product (the League) was unwilling to do and the producer of the television signal (the Network) was precluded by legal agreement from doing. In deference to this situation, on 8 July 1970 the Canadian Radio-Television and Telecommunications Commission announced a decision "to impose a restriction on the importation by cable television of the Canadian Football League games in areas where local television stations were specifically blacked out."

There is no doubt that had this decision not been made by the Commission in 1970 that Canadian Football which had survived for 100 years and had grown dramatically in terms of fan acceptance and had developed the Grey Cup to the point where it was one of Canada's greatest annual events if not its greatest annual event, would have by now ceased to exist. The conditions which created the need to protect the blackout area in 1970 have been compounded by a cost of operation which has risen from an approximate collective level of \$9 million in 1969 to an approximate level of \$15-16 million in 1975. The Clubs have been able to offset the annual cost increase with the increased revenue resulting from increased attendance and by increasing the

price of tickets. It is most certain that had there been live TV in the area where the games were played revenue from seat sale, would have substantially decreased but if the only effect would have been to preclude an increase in revenue from this source, the League would have been unable to carry on beyond 1972.

It would appear to be indefensible for the League to agree to sell the right to exhibit its games on television on pay-TV in the blackout area and on the other, claim that televising of its games in the blackout area by Cable Systems or the Networks would kill the sport. It must be acknowledged that the impact of the live television of a game in the area in which it is played, would vary from Club to Club and each Club under the League Constitution has the right to make a unilateral judgment as to whether it would sell its pay-TV rights in the blackout area. However even in the more densely populated areas or areas of higher current football interest where theoretically the impact would be less, the experience in the Montreal area in the Sixties referred to on page 7, indicates quite clearly that the short and long range consequence of authorizing live TV in the area in which the game is played, is that it will have a critically adverse effect on stadium attendance regardless of population and how high the football interest is in the area.

Conclusion

That in the foreseeable future, few if any Clubs of the Canadian Football League would opt to sell the right to pay-TV to exhibit its games in the blackout area.

Over-All Conclusion

The Canadian Football League has purposely not presented the Commission with a voluminous brief. Even though there does not appear to be an application to Canadian Football, whereby in the foreseeable future there would be an application of pay-TV to its operation as a meaningful source of revenue, the League supports as desirable the broadening of program options for the Canadian television viewer that would be made possible by pay-TV.

Indeed it can be reported that the Canadian Football League has sold to an American Organization, the right to exhibit a maximum of six games of the 1976 playing season of the League in the United States in 1976 on pay-TV. In the United States the pay-TV Organization with which the League has dealt in this sale involves a concept whereby there is a working alliance between the cable T V operator and pay-TV. The Organization arranges all rights and clearances with the suppliers of the programs and delivers the fully structured professionally planned and supervised program from its own studio to a network of Cable Systems by various means including the utilization of a satellite to convey the program to a Nationwide network of Cable operators who have earth receiving stations. As we stated earlier, it is not our intention to express opinions on the form a pay-TV agency should take in Canada and we acknowledge there could be factors which would dictate the necessity of approaching the pay-TV issue differently in Canada and the United States. However as a program supplier, we can report that the Pay-TV structure in the United States which follows the pay-cable alliance, appears to be workable. It is a structure whereby a private enterprise Organization not allied to any Television Network, acquires the programming and offers it on a daily basis through a Cable Operator, to those of his cable subscribers

who also want to subscribe to the special programming offered by pay-TV that would not otherwise be available to them. The pay-TV Organization concentrates on the programming aspects of his service and will offer marketing and technical support. However the Cable Operator retains full control of his own business asset, his System. The Cable Operator also selects and owns the form of delivery, the terminal "hardware" that best meets his requirements. He retains responsibility for the technical standards and maintenance of his full system, selects the pricing structure, sales programs, billing and collection procedures etc. Finally of substantial importance of course, is the fact that he receives a percentage (estimated at 50%) of all amounts paid by his subscriber for the pay-TV service so a new source of revenue is now available to him.

Again the United States approach is not dealt with here to suggest that the same approach would work in Canada but to suggest that there is a place for pay-TV in the Canadian broadcasting scheme which could be in a form that would not be harmful to existing forms. We will leave it to others more qualified, to determine what form would maximize pay-TV's potential benefits for the Canadian broadcasting system.

Respectfully submitted,

CANADIAN FOOTBALL LEAGUE



J. G. Gaudaur, Commissioner.



west kootenay film productions

Box 62, Trail, British Columbia, Canada
Telephone (604) 368-5967

Mr. Guy Lefebvre,
Secretary General,
CRTC,
Ottawa,

COMMENT COMMENTAIRE
12
Ref. PAY TELEVISION

20th. August, 1976

Received by - Reçu par
SECRETARIAT

AUG 27 1976

C.R.T.C.

972-2/75/61
Jucy

Dear Sir,

I wish to enter my intervention against PAY TELEVISION at the present time.

There are three main reasons for not supporting the Pay TV system, as envisaged by Mme. Jeanne Sauve, Minister of Communications.

1). The Cable company philosophy of money first, Canada last is obvious in a statement by a spokesman, quote 'Pay TV must show mainly first run US movies and must be financed by an \$8 per month fee to subscribers.'

2). Electronic hardware, studios and personell are already available for the introduction of a second national channel for CBC to operate a non-commercial, REGIONALLY ORIENTATED network to show such programmes, presently shown on the United States Public TV network, only made in Canada.

3). There is no guarantee from the present, or future, Federal governments that strict legislation will be imposed on cable companies to enforce the Canadian Contents rule.

Let us take these three main reasons in order:-

1). Pay TV and the cable Companies. As we all know, Cable companies operate the cable system to bring unavailable signals to viewers as a business in which a profit is made. The theory of Pay TV is an extension of this profitable service, in which these same companies make motion picture films, documentaries etc, which would not be available without commercial 'breaks', available to cable receivers, in 'an enclosed system; namely the cable, at a set rate or fee to the viewer for the service. I do not believe that there is any real theoretical disadvantage with the system until we move into the very important realm of programme content for such a service.

As I stated above quote, from a cable company spokesman, 'Pay TV must run first Run US movies and charge the viewer \$8 per month.' This is part of a longer quote, but is very important in its implication. First, it is in direct contravention of the ideas and wishes of the Federal Government, as expressed by

Mme. Jeanne Sauve, Minister of Communications, by which the Pay TV system would be used to present CANADIAN PRODUCTIONS, not usually available through the present 'on-air' broadcasting system and thus be an alternative source of revenue for Canadian film and play producers .

The Canadian entertainment industry is in a deplorable state, with many fine actors, actresses and support staff unable to find work within their own country. What is most insulting is, the fact that the major television networks, CBC & CTV spend approximately \$40 million per year on US TV imports. Most of these imports are of a very low content quality, with very few exceptions, pandering to the taste of people with a low grade of education.

I believe that Mrs. Sauve intended that Pay TV would be 'equivalent to a third network 'specifically for the transmission of Canadian Productions, thus providing the Canadian actors with work and the viewer with good quality Canadian material, free of commercials and not subject to the 'Nielsen Ratings Race'. The revenue generated from the transmissions would be made directly available to the Canadian producers for the making of further programmes. Programmes, now available on the United States Public Networks could be made by Canadians, with the same quality of content and presentation.

Pay TV could be extended to show educational material for schools, colleges and provision of correspondence courses during the daytime hours (9am to 4pm.) and then transmit the regular films etc. 4pm. onwards.

2). Electronic Hardware and Studio facilities.

The Canadian Broadcasting Corporation has the electronic facilities, studios and personnel to provide a second non-commercial network for transmitting Canadian material, which would be shown on PAY TV.

This second network would operate like the US public TV network, with a REGIONAL system of production NOT PRESENT under the present CBC system. The revenue would be generated from an advertising tax on commercial spots, nominal ten cent tax per month per cable viewer from the cable companies, reduction of US TV imports, or a tax of 30% on same, and more money from the government and programme sales.

Any programmes purchased from non-Canadian sources must be covered with a straight one for one programme exchange for Canadian programmes. Other countries, besides the USA should be encouraged to exchange TV programmes with Canada. Europe provides a very fine market for Canadian programmes, as does the other English speaking commonwealth of Australia, New Zealand, also South Africa (with their new TV network).

2 cont'd.

Before there is any thought of using Pay TV to show Canadian programmes, I sincerely believe that the CBC charter and system should be completely overhauled and streamlined (substantial reduction in the over sized bureaucracy to 20% of its present membership).

- a). The CBC should operate only on a REGIONAL basis, with the 'National' news broadcast and 20% of total network content originating from a central network studio. The remaining 80% of programmes would be made in regional centres, such as Vancouver, Winnipeg, St. Johns, New Foundland etc. These regional productions would then be ~~trans~~ available over the network, or sent directly to a receiving TV station, in another province, on a one to one exchange.
- b). There would be more viewer input for programme suggestions and criticisms, in the form of 'consumer panels'.
- c). Substantial reduction of US imports and divert the available money into purchase of Canadian products, from private producers, (like my own company).
- d). Make CBC non commercial, like the radio side and obtain funds from programme sales, advertising tax, larger government grants etc. (CBC radio has vastly improved in quality content since commercials have been deleted)

3). Broadcasting Legislation.

- a). Amend the CBC charter and render it non-commercial, as mentioned above.
- b). Enforce the 80% Canadian Content policy, by a law similar to Bill C 58, especially in regards to CBC.
- c). Any programme import must be matched with an equal Canadian Export, or be subject to a 'compensation levy' if no programme is available. The exchange must be made with the same network, or production agency, in the same country, where the programme is imported from.
- d). In giving federal or provincial government grants to the CBC, make it a condition that the funds be used to purchase privately produced film or programme series from small, but usually more efficient, companies on a REGIONAL basis. (At this point I admit a personal prejudice, as I will be involved in the production of

/-

3). Cont'd.

d).

a film on a pioneer trail, here in BC with a consideration to making a series of films of stories based on this trail for television and general library release. I will be using actors for this film. I am able to make a full 30 minute documentary for television at a $\frac{1}{4}$ to $\frac{1}{3}$ cost of the same by the NFB, without loss of quality).

There are many others in the Canadian film industry, like myself who would, if given the chance, produce excellent short story films and documentaries for broadcasting.

- e). Make the 'Union Closed Shop' in broadcasting (in all facets) a statutory offence, as it denies non union actors and film personnel a right to work and also retain the high inflationary fees and conditions that would render a production more expensive and hence make less funds available for future productions, hence less jobs.

Summary

My submission can be summed up in the following points:-

- a). PAY TV be allowed on the condition (by law) that there is a minimum of 80% Canadian Content, and 100% in prime time viewing.
- b). Provide a non commercial network, with a minimum of 80% Canadian Content, and a one/one programme exchange between countries. (This would obviate the need of Pay TV.)
- c). Enforce broadcast legislation on the present Canadian Networks in the use and transmission of Canadian Productions.

I hope that this submission will be useful to you in your deliberations on the PAY TV system and they are, with many of my Canadian Film Colleagues, taken into account in your decision on this subject. Please remember, you have our livelihoods and the Canadian culture at stake, when you make your decision.

The Cable operators can function without PAY TV, but we need access to audiences and needed revenue to live, be it through Pay TV or the CBC or CTV networks.

Yours Sincerely,

R Tarplett
Robert Tarplett,

Proprietor.

Please excuse my poor typing

THE NDWT CO.

25 Lennox Street Toronto Ontario M6G 3W6
The Bathurst Street Theatre

August 20, 1976

M. Guy Lefebvre
Secretary-General
CRTC
Berger Building
100 Metcalfe Street
Ottawa, Ont. K1A 0N2

Received by - Reçu par

SECRETARIAT

AUG 26 1976

COMMENT
COMMENTAIRE

13

Dear M. Lefebvre,

C.R.T.C.

I would like to register my alarm over the manner in which a Canadian Pay TV policy is being hurriedly thrown together over a six month period. An entirely new medium and a whole network structure that will radically alter the cultural patterns of the country must be given more time and care if it is to serve the needs of Canada.

Coincidental with my alarm over this haste is the suspicion that such haste is out of deference to the pressures of cable operators and broadcasters. After all it was their activity outside of CRTC jurisdiction that prompted the Ministry of Communications to suddenly announce the arrival of Pay TV. Haste, I fear, will serve the cable-broadcast interests. They are a highly organized industrial lobby whose arguments are well prepared. They, unlike artists and individuals such as myself, can present a strong case immediately and have maximum input into the present short-term policy-making schedule.

And of course their case is based primarily on financial priorities - a high percentage of American programming which is supposedly more commercial and which leaves out Canadian production; cable service only to the major urban centres where service is cheaper to operate and returns higher, which leaves out rural areas where the need is greater; and a pay-per-channel system which inevitably leads to mass marketing and mediocre programming and which leaves out the direct consumer input of pay-per-program. If any of these practices are incorporated into Pay TV policy, then the Ministry of Communications will have effectively squelched any chance for Pay TV to serve as a means of enriching Canadian culture.

My work in Canadian theatre during the last few years has been proof enough that there is an audience for Canadian drama and there are capable artists who can create it. For three months in the fall of 1975, The NDWT Company toured James Reaney's THE DONNELLYS TRILOGY from coast to coast. Every community we visited was excited and stimulated by the works and quite anxious to see more. This summer we have booked a seven week tour throughout Ontario of Reaney's new work, BALDOON. From Windsor to Thunder Bay, the response has again been enthusiastic. Canadians DO want to see works by and about Canadians. Pay TV could provide the financial means to produce such works and the technological means to transmit them to every little outpost in the land.

Cont'd.....2

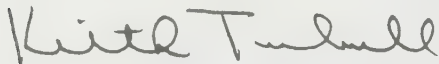
But I see this potential being first compromised and then eventually destroyed with token regulations for Canadian content quotas and for Canadian production revenue. These half measures, being forwarded by the cable-broadcast interests, cannot seriously fulfill the potential that Pay TV has in serving Canadian culture.

For my part I strongly urge the following points:

- 1) GIVE US TIME. We need it to carefully analyse and formulate a policy that will serve the Canadian public and arts community.
- 2) Any network system devised must be independent of the program distributors and exhibitors and must allow for maximum access to the public by Canadian producers. The Pay TV network must not become like Canadian movie theatres, closed to Canadian producers. Such a structure would be the probable outcome of the cable-broadcast interests' suggestions for content quotas, etc.
- 3) An over-the-air broadcast system must be put to use so that the service reaches all of Canada and not just the already saturated urban centres.
- 4) A pay-per-program structure must be adopted so that both the producers and consumers have the say as to what goes on the air.

If any or all of these points prove to be unattainable, either for technical or economic reasons, then the introduction of Pay TV should be delayed until it is ready and can conform to the needs of our particular cultural situation. Premature arrival will mean lots of American movies and little or no expression of what is Canada. The public is eager for it, the artists capable - all that is left is the means.

Yours sincerely,



Keith Turnbull
Director, The NDWT Company
(416) 536-6663



alberta theatre projects

canmore opera house, heritage park, 1900 heritage drive, calgary, alta. T2V 2V3 - phone 253-0773 252-8001

Letty
209-22

Mrs. Smiley Raborn, Jr.
President

August 23, 1976

COMMENT
COMMENTAIRE

14

Mr. James Sherbut
Vice-President

M. Guy LeFebvre
Secretary-General
Canadian Radio-Television &
Telecommunications Commission
Berger Building
100 Metcalfe Street
Ottawa, Ontario
K1A 0N2

Received By - Reçu par
SECRÉTARIAT

AUG 30 1976

C.R.T.C.

Mr. David Willis
Treasurer

Mrs. Kay Marklinger
Secretary

Dear M. LeFebvre:

Mrs. Marjorie Duncan

Mr. John Francis

Miss Elizabeth Komar

Mr. George Kosich

Mr. Donald MacLeod

Mrs. Barbara Olsen

Mr. Jock Osler

Mr. David Smith

Mr. John Waite

Mr. David Wood

Mr. Douglas Riske
Artistic Director

Mrs. Lucille Wagner
Administrative Director

In response to the Toronto Star editorial of August 12th, 1976 regarding Pay-TV, we have the following questions:

1. Will Pay-TV further weaken the already frail Canadian culture or will it work to give it new strength and confidence?
2. Will Pay-TV merely market foreign films and broadcast for private profit?
3. Will there be tough Canadian content rules?
4. Will Pay-TV draw viewers away from the CBC and private stations, reducing the revenue they earn from advertising and therefore the amount they can plough into Canadian productions?
5. What form of organization of a Pay-TV network is proposed "to ensure the production of high quality Canadian programmes that Canadians will watch" as stated by Communications Minister, Jeanne Sauve?
6. Who will determine the quality of programmes produced?

August 24, 1976

M. Guy LeFebvre

7. What assurances are there that Canadians will, indeed, watch the programmes?
8. How will Pay-TV be developed to fulfil the pledge of the Canadian Radio-Television and Telecommunications Commission that "Pay-TV shall develop to primarily benefit Canadian broadcasting, the programme production industry and Canadian creative talent"?
9. Will the additional influx of foreign programmes mean fewer people will watch Canadian programmes?
10. Will Pay-TV result in the market becoming so glutted with American programming that no market will exist for Canadian programming, resulting in an end to the production of Canadian programmes except through government-funded agencies?
11. How much programming can be generated from the Pay-TV profits of \$6 million to \$13.5 million per year?
12. Can this profit generated aid the promotion of Canadian talent sufficiently to justify Pay-TV?
13. When will the Canadian programmes be aired?
14. What percentage of the total content will be Canadian?
15. Why has the figure of 15% been chosen as the amount of profits available for Canadian programming when 25% has been allocated to the foreign market?
16. Will the Canadian artist and the Canadian public, in fact, be benefiting from Pay-TV?

It is ironic that we are discussing Pay-TV in view of the situation which exists in Canada today. The Federal Government has offered money and incentives through: The Canada Council, the Canadian Development Corporation, the CRTC, the Canadian Film Development Corporation, CEDA, ARTA and FRED to allow Canadians the opportunity to market their talent in their own country. Yet, the government allows the introduction of cable television artificially into various regions of Canada. With cable television, advertisements are artificially brought into a built-in Canadian market without purchasing any air time in that market.

Now the government is considering bringing in pay television which could further weaken Canadian networks and Canadian talent.

August 24, 1976

M. Guy LeFebvre

As all broadcasters, other than the CBC, in Canada must earn revenue to cover the expenses required to produce programming it appears that the government is robbing the Canadian networks of their ability to earn revenue by introducing the above factors into the Canadian economy.

Other issues must also be dealt with:

1. The CBC network has the ingredients required - money, equipment and people - to compete with foreign programming in quality and content but have yet to produce programming which has a wide mass appeal. Most of the programmes imported are superior in quality and appeal to a wider audience.

Is it because quality and mass appeal are not in the CBC's mandate?

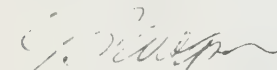
Is it because the CBC is non-profit? (PBS is non-profit but produce programmes which have mass appeal.)

2. Canadian private broadcasters can purchase foreign programming which is readily sold to an advertiser, is easily marketed and is economically feasible. The cost of originating programming is not comparable. We do not believe that it is a lack of interest nor commitment on the part of private broadcasters to produce Canadian content. It is a lack of money and equipment.

Therefore, we propose that before the introduction of Pay-TV into Canada:

- a) The development and stability of the Canadian broadcasting situation as it exists in Canada today be seriously examined.
- b) The existence of cable television and its free advertisements be examined.
- c) We ensure that talent, producers, financial resources and markets are available to upgrade Canadian programming.
- d) Time, research and explanations which are crucial to the growth and improvement of Canadian culture are needed.
- e) Input from Canadian artists, private broadcasters, and the Canadian public is received through public hearings.

Yours truly,


Lucille Wagner
Administrative Director

LJW/knh

August 24, 1976

M. Guy LeFebvre

cc. Mr. Harry J. Boyle
Chairman, CRTC

Honourable Jeanne Sauve
Minister of Communications
Government of Canada

Honourable J. Hugh Faulkner
Secretary of State
Government of Canada

Honourable Peter Bawden, MP
House of Commons
Government of Canada

Honourable S. Schumacher, MP
House of Commons
Government of Canada

Honourable Eldon Wooliams, MP
House of Commons
Government of Canada

Honourable Dr. H. Andre, MP
House of Commons
Government of Canada

Mr. David Penn
General Manager
CFAC - Television

Mr. T. Chapman
President
CFCN - Television

10

COMMENT COMMENTAIRE
15

472-2 / 7598

1976
SECRETARIAT

1504 - 2045 Nelson Street
Vancouver, British Columbia

24 August, 1976

C.R.T.C.

Received by - Reçu par
SECRETARIAT

AUG 31 1976

Mr. Guy Lefebvre
Secretary General
Canadian Radio-Television and Telecommunications Commission
Legislative Buildings
Ottawa, Ontario

C.R.T.C.

Dear Sir:

I would simply like to voice my objection to pay TV -
It is my firm conviction that the best programming in
TV will go to Pay TV and the left-overs will go to
the public at large. I can in no way see how Pay TV
will benefit the public - unless there are are certain
people who are willing to pay \$200 or more a year to
be without advertising...I would certainly like to know
what the difference in programming will be!

Yours truly,


Aeyron Shandrel

GOWLING & HENDERSON

BARRISTERS & SOLICITORS

160 ELGIN STREET

MAIL ADDRESS: BOX 466, STATION A, OTTAWA, CANADA K1N 8S3

Chambers
209-22

TELEPHONE 232 1781
AREA CODE 613
CABLE, HFERSON
TELEX 053-4114

COUNSEL

THE RIGHT HONOURABLE JOHN R. CARTWRIGHT, O.C., LL.D., D.C.L.

JOHN C. OSBORNE, O.C.

BERNARD M. ALEXANDOR, O.C.

PATENT AGENTS

ELI J. MCKHOOB
WILLIAM N. MACE
VIVIAN H. WICKHAM
BRUCE DUDLEY
JOHN W. ROSS
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TRADE MARK AGENTS

DONALD A. SMYTH
JANE MYERS
ROMA COLBERT
KENNETH G. CURRY
JOHN G. GRIFFITHS

September 2, 1976.

COMMENT COMMENTAIRE

Received - Regu
Executive Assistant's Office
Bureau du Chef de Cabinet

SEP 7 1976

Re: Pay Television

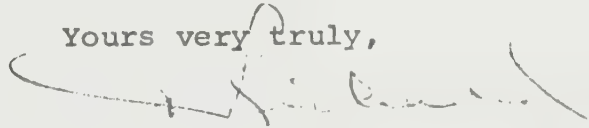
C.R.T.C. - Ottawa

Mr. Harry Boyle, Chairman
C.R.T.C.
Berger Building
100 Metcalfe Street
Ottawa, Ontario
K1P 5M1

Dear Mr. Boyle:

In response to an invitation contained in C.R.T.C.'s public announcement dated June 30, 1976, I transmit to you the text of my remarks which were made by me as a member of a panel dealing with Pay Television at the annual meeting of the Canadian Association of Broadcasters, held in the Spring of 1974. I transmit them to you not for the purpose of advocating any particular solution, but for the purpose of assisting you in the task that the Minister of Communications has invited you to undertake. It may be that the analysis of problems and the alternate solutions which I considered may be useful in your analysis of the problem. I wish to emphasize that although I have provided legal services to the C.A.B. over a period of years, and although this paper was presented by me at an annual meeting of the C.A.B., the analysis and alternate solutions are mine alone and do not purport to represent, in any manner, the policy or views of the C.A.B. or any of its members.

Yours very truly,



John D. Richard

JDR/map
encl.

P A Y T E L E V I S I O N

I will address myself to some of the "corporate solutions" which may be available in Canada with respect to the provisions of Pay Television. When one uses the expression "corporate solutions" one should really be talking of methods of organization. I should say first of all, that the "corporate solutions" should in the ordinary course give effect to decisions which have been taken as to the manner in which Pay-Television will operate in Canada. This involves consideration of who shall have the responsibility for the distribution of programs, who shall have the responsibility for the production of programs, and who shall have the responsibility for delivery of the programs. Once these matters have been determined, it then becomes relatively simple to determine how these persons will be organized in order to give effect to the decision.

The laws of Canada and its provinces give ample opportunities for various forms of business organization and there already exist many examples of these forms of business organization. In the field of private ownership, there may be a sole proprietorship, a partnership and a corporate structure. In the latter case, the corporation may be private or public, and it may have constrained share provisions limiting ownership and transfer of shares to certain classes of persons. There may also be joint ventures taking the form of a partnership or taking the form of a corporate joint venture. There can also be public ownership in Canada in the form of Crown Corporations, or in the form of corporations where all the shares of the Company are owned by the Government. Finally, there can be a mixture of public and private ownership, such as the example of the Canadian Development Corporation. In the case of public ownership, whether total or partial, this of course involves the intervention and participation of the Government.

I interpret the C.R.T.C.'s announcement concerning Pay-TV as a desire to integrate Pay-TV into the Canadian broadcasting system. It is the wish of the C.R.T.C. that Pay-TV be developed through broadcasting undertakings in Canada which expression includes, of course, broadcasting transmitting undertakings, broadcasting receiving undertakings and networks operating or located in Canada.

As indicated earlier, there appear to me to be three essential elements in a Pay-TV system. One being the function of distribution, the other being the function of delivery. It would appear that broadcasting transmitting undertakings, primarily television, are best suited for the function of program generation while broadcasting receiving undertakings, that is to say licensed cable television systems, are best suited for the function of delivery. It is not obvious who would be better suited to provide the function of distribution, although a strong case could be made by broadcasting transmitting undertakings that the function of program generation should be complemented by the function of distribution. This distribution would involve programs generated in Canada, as well as programs acquired from other sources.

In all of these considerations, great care must be exercised in determining what are the objectives to be achieved, and what powers the C.R.T.C. holds in order to give effect to such objectives. The powers of the C.R.T.C. are set out in the Broadcasting Act and, therefore, the C.R.T.C. must exercise its powers within the framework of the Act. The stated objective of the C.R.T.C. is to regulate and supervise all aspects of the Canadian broadcasting system, with a view to implementing the broadcasting policy. It follows, of course, that the C.R.T.C. can only exercise those powers which are granted to it in the Broadcasting Act, and cannot exceed

its powers. This becomes important when determining the function and role of the C.R.T.C. in any solution which is considered. By way of example, the C.R.T.C. does not have the power under the Broadcasting Act to licence persons who distribute programs or who generate programs. It can only licence and regulate those persons who carry on a broadcasting undertaking. The C.R.T.C. nevertheless does have broad powers to licence and regulate such undertakings and, in the exercise of those powers, can impose conditions of licence and make regulations.

I feel it is important to raise these considerations since they are limits imposed by law on the scope of the authority of the C.R.T.C., and therefore any solution in which the C.R.T.C. is to participate, either by way of licencing or regulation, must come within the scope of the powers granted to the C.R.T.C. by the Broadcasting Act. By way of example, I query whether the C.R.T.C. would have any jurisdiction whatsoever under the Broadcasting Act over a Pay-TV system which operated solely by means of dedicated cable or video cassettes. I do not believe that merely because these methods of delivery use the television receiver for audio and visual purposes is sufficient to give the C.R.T.C. jurisdiction over them.

I will now review some of the proposed options without repeating in each case the advantages and disadvantages associated therewith, since much of this information is already available from the material which has been developed by others.

1. Over-the-air Pay-TV delivery service owned and operated by broadcasters.

There are serious technical disadvantages associated with this option. In addition, it deals only with delivery and does not deal with program generation or distribution. It raises a number of serious questions such as: would only private broadcasters participate; would it be open to radio as well as TV broadcasters; which

broadcaster, in any area where there is more than one, would provide the delivery service; how is the service to be provided in areas where the broadcaster or broadcasters do not wish to provide the service; how would the cost of establishing and operating the system affect the ability of the broadcaster to meet his programming commitments under the Broadcasting Act?

In those areas serviced by Cable TV, there would have to be provision for the signal to be carried on the cable system in order to make it available to subscribers whose television receivers are connected to cable.

2. Cable TV owned and operated Pay-TV service

Provided that the channel capacity is available, this offers an efficient means of delivery. However, the service would not be available to those areas which are not cabled, and in cabled areas would not be available to those who do not subscribe to cable. This option also deals only with delivery and does not deal with program generation or distribution.

3. Cross-ownership of broadcasters and cablecasters

Except in special circumstances, the C.R.T.C. has discouraged the cross-ownership of broadcasting undertakings. If the emergence of Pay TV is inevitable and pressures for it render it imminent, this option does not offer a solution for the foreseeable future by reason of the C.R.T.C. policy and by reason of the time that would be required to arrange and conclude agreements to give effect to such cross-ownership even assuming that those concerned were willing to enter into such an arrangement. While this option provides for joint participation through joint ownership of both facilities, it is unrealistic at the present time and also deals only with the aspect of delivery.

I would like to raise other alternatives. Assuming that Pay-TV responds to a demand, that it meets with consumer acceptance, that it can be delivered within acceptable limits of quality, serucity and cost - then it can be anticipated that it will generate a need for additional programs which will in turn generate additional revenues. If Pay-TV is to be considered as an element of the Canadian broadcasting system, and if it is accepted that each element should complement and support the other, then the revenues generated by such additional service should benefit all elements of the Canadian broadcasting system and serve to further two of the most important aims of the Broadcasting Policy for Canada which are that:

"the Canadian broadcasting system should be effectively owned and controlled by Canadians so as to safeguard, enrich and strengthen the cultural, political, social and economic fabric of Canada;"

and

"the programming provided by the Canadian broadcasting system should be varied and comprehensive and should provide reasonable, balanced opportunity for the expression of differing views on matters of public concern, and the programming provided by each broadcaster should be of high standard, using predominantly Canadian creative and other resources;"

It follows therefore that Pay-TV should:

- (1) Be part of the Canadian broadcasting system;
 - (2) Be effectively owned and controlled by Canadians;
 - (3) safeguard, enrich and strengthen the cultural, political, social and economic fabric of Canada;
- and
- (4) Be of high standard, using predominantly Canadian creative and other resources.

The alternative which I propose for your consideration is that of joint ventures. I will relate this form of business organization each of the three essential elements of a Pay-TV system.

1. DELIVERY

In any given area, the person to be licensed to provide the Pay-TV service would be a joint venture, preferably a corporate joint venture. This joint venture would be composed of the licensed cablecasters and the licensed private broadcasters in that area. Their equity interest would, of course, have to be determined and this would be a matter for the C.R.T.C. to consider on any application. The corporate joint venture would then be in a position to use whichever delivery system was better for the purpose of providing Pay-TV in that area, whether it be over-the-air or CATV Piggyback. The joint venture would have to enter into an arrangement either with the broadcaster who is to provide the over-the-air delivery or the cablecaster or cablecasters who would provide the CATV Piggyback in that area. This should be simplified by reason of the fact that the broadcaster or the cablecaster, as the case may be, would be a member of the joint venture. The means of delivery would, of course, be part of the application and the C.R.T.C. could amend the licence of the broadcaster or the cablecaster in order to insert the condition of its licence that it provide such delivery service at a price to be agreed upon. This price could be kept lower since the broadcaster or the cablecaster would be participating in the joint venture and benefiting from its revenues. There would be provision to allow any newly licensed broadcaster or cablecaster in the area to become a member of the joint venture. This would allow common ownership by broadcasters and cablecasters of the Pay-TV system, but would not result in cross-ownership of their broadcasting undertakings. Therefore, the revenues generated by Pay-TV service and of course its costs, would be borne by the joint venture, and would benefit each of its members, i.e. the broadcasters and the cablecasters, in proportion to their

interest. It would give the C.R.T.C. greater control over Pay-TV by reason that it licences and regulates not only the joint venture which operates the Pay-TV service, but also, in other respects, each of the members of the joint venture.

This corporate joint venture would have constrained share provisions which would prevent the issue or transfer of shares to other than licensed broadcasting undertakings. In addition, any transfer would have to be approved by the C.R.T.C.

2. PROGRAM GENERATION

The next consideration is the generation of programs. In certain areas, the joint venture may be strong enough to generate its own programs by reason of the revenues received by the joint venture from Pay-TV in their area. In such cases, the joint venture would use the facilities of one or more of its members who, under this plan, would of course be broadcasters and cablecasters. The joint venture could also make use of facilities and productions from other sources in Canada and abroad, or could joint with other licensed Pay-TV joint ventures for the purpose of generating programs. There could, of course, be an exchange of programs between these different sources.

The C.R.T.C. could, either by condition or regulation, require Canadian content in the programming provided by Pay-TV licencees. This Canadian content requirement could take at least two forms: one being the content itself, and the other being the source. The first one requires no explanation since an example is to be found in the TV Regulations. The other requires some further explanation. By the use of the word source, I do not contemplate a country, but an organization. In other words, in order to encourage sources of production in Canada, the C.R.T.C. could require not only that the content (up to a defined percentage) be Canadian, but that the source of the programming (again up to

a certain percentage) be from certain defined sources. These defined sources would be Canadian owned production and program facilities using primarily Canadian talent and resources. Licensed broadcasters, the networks, and the national distribution company to which I will refer in the next paragraph, would obviously be sources eligible to be so designated.

3. DISTRIBUTION

Under the present state of the law, the C.R.T.C. would have no jurisdiction over who would be entitled to distribute programs to the licensed Pay-TV systems. However, I would propose that a national organization be established for the purpose of distributing programs from whatever source to licensed Pay-TV systems. This national organization could be entirely privately owned or could be under public ownership, but I would propose that it be a combination of both. The national organization would be established by Parliament (although other means may be sufficient to establish it), and a portion of its shares would be held by the Government of Canada on behalf of the public and the balance of its shares would be made available only to licensed Pay-TV systems and possibly also to other Canadian owned sources of programming in Canada.

The purpose of this corporation would be two-fold: firstly, to acquire from different sources both in Canada and elsewhere programs, and, by reason of their purchasing power, make these programs available at a reasonable cost to licensed Pay-TV systems and, secondly, to encourage and promote and arrange for the production of programs in Canada by Canadian owned sources, making use of Canadian talent and other resources so that these programs may be made available also at a reasonable cost to the licensed Pay-TV systems. The C.R.T.C., by requiring licensed Pay-TV systems to purchase a certain number (whether defined in percentages or by categories) of their programs from that national organization would strengthen the position of that national organization, especially with respect to programs

produced outside of Canada which the producer or the distributor wishes to sell in Canada to licensed Pay-TV systems. This national organization would not, in my mind, be a sole distributor of programs to licensed Pay-TV systems, but would have the ability to acquire programs from all sources and to promote the production of programs in Canada. It would have the financial base to acquire programs at a reasonable cost, and to contract for the production of programs in Canada, thereby further encouraging Canadian production.

By reason of its membership, this national distribution organization would reflect both the public interest and the interest of the broadcasting and programming industry in Canada. By reason of the diversity of its membership, and by reason of the fact that it would not be the exclusive distributor of all programs to licensed Pay-TV systems, there would be less danger of any challenge to one of the other important aims of the Canadian broadcasting policy which is the right to freedom of expression and the right of persons to receive programs.

Each of these solutions lends itself to various permutations. We should not hesitate to explore new avenues since the Broadcasting Policy for Canada itself states that "the regulation and supervision of the Canadian broadcasting system should be flexible and readily adaptable to scientific and technical advances".

J.D. Richard

1974

W.L. Jollimore, F.I.I.C.

P.O. BOX 778, WOLFVILLE, N.S., B0P 1X0
TELEPHONE 542-5797

September 8th, 1976

M. Guy Lefebvre
Secretary-General
Canadian Radio-Teleivison & Telecommunications Comm.
Berger Building
100 Metcalfe Street
Ottawa, Ontario K1A 0N2

Re: Pay Television

Dear Mr. Lefebvre:

COMMENT
COMMENTAIRE

17

I write this letter as a concerned Canadian citizen.

I suspect that most of us are daily concerned with problems of living and find it difficult to take time to compose brief submissions and letters to our Government leaders and others who direct one way or the other, those things which influence our lives.

Probably not too many of us have an opportunity to continuously follow developments of the many Commissions, Inquiries and Boards that ultimately affect us.

This letter then is written without a great deal of knowledge at hand, but with a feeling for the Arts in Canada, and written with a sense of inquiry as to what and how things may change with the introduction of Pay Television.

I am sure that many thousands of Canadians would share my appreciation for the work the Canadian Radio and Television Commission has done in promoting Canadian Artists by placing in position certain controls towards imported cultural intrusions into our lives.

The simple and brief statement I want to make is simply this:

It is my wish and my hope that those who make the decision towards Pay Television in our country will carefully and closely consider how it will affect our valuable Canadian culture in both official languages. Who does it serve? What will it do to our Canadian performers? What about Canadian content regulations? Will it be controlled by Government or private interest, and a variety of other questions which I am certain others have mentioned to you, and which you have undoubtedly considered yourself.

I do trust that the Commission will move carefully and slowly in its decision-making process and not be totally influenced by those who would have us subjected to a monster which we can not easily send away.

Received by - Recepu

SECRETARIAT


SEP 14 1976

C.R.T.C.

. . 2/

If it is possible I would very much appreciate receiving any information you can provide me about the prospects of Pay Television in Canada.

Yours truly



W.L. Jollimore

WLJ:lms

c.c. Mr. Harry J. Boyle
Chairman, CRTC

c.c. Honourable Jeanne Sauve
Minister of Communications
House of Commons
Ottawa, Ontario

c.c. Honourable J. Hugh Faulkner
Secretary of State
66 Slater Street
Ottawa, Ontario K1A 0M5

8/9/76

DEPARTMENT OF SOCIOLOGY

COMMENT COMMENTAIRE
#18

Received by - Reg. Sec.
SECRETARIAT

Dear M. Lefebvre:

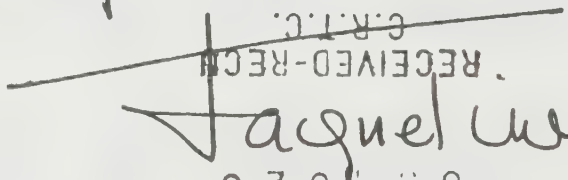
C.R.T.C.

I should like to state that with regard to the question of Pay-TV and the arts there are a number of unresolved & unresolved questions that are vital to discuss in some meeting with CCA or interested & qualified persons, so that the purposes & philosophy of Pay TV may be aired & organized & articulated cogently. Above all questions about Canadian content & subject

content % ages — sports, arts,
old movies, new movies —
are utterly vital. As are questions
about profits distribution.

My bias is that the
arts get adequate coverage & there
be new audience development
for drama, music, dance,
arts movies.

Please take note of my
concern & if you need input
from a Canadian region & person
who recently left Toronto, let me
know!


Jacqueline Gibbons
(Sociologist of the Arts)

COMMENT
COMMENTAIRE

19

3993 West 21st Avenue
Vancouver, B.C. V6S 1H7
September 9, 1976

Mr. Guy Lefebvre
Secretary-General
Canadian Radio-Television and Telecommunications Commission
Berger Building
100 Metcalfe Street
Ottawa, Ontario K1A 0N2

Dear Mr. Lefebvre:

I would like to urge the Canadian Radio-Television and Telecommunications Commission to proceed slowly and with caution into Pay-TV. Many questions should be explored, policies should be carefully formulated, and testing should be carried out in selected communities before Pay-TV is implemented willy-nilly. What is the haste? Surely it is better to proceed slowly and carefully in such an important step than to rush into something which, once set up, may have unforeseen negative repercussions for the Canadian arts community, and may be very difficult to change or modify.

Sincerely yours,

Donna Hossack

Donna Hossack
Musician, Arts Administrator

Copies: Mr. Harry J. Boyle
Chairman, CRTC

Honourable Jeanne Sauve
Minister of Communications

Honourable J. Hugh Faulkner
Secretary of State

Mr. John Hobday
National Director, Canadian Conference of the Arts

received by - Reçu par
SECRETARIAT

SEP 14 1976

C.R.T.C.

September 10, 1976
Chester, N.S.

COMMENT
COMMENTAIRE

20

Monsieur Guy LeFebvre
Secretary-General
Canadian Radio-Television &
Telecommunications Commission
Berger Bldg.

100 Metcalfe St.
Ottawa, Ontario K1A 0N2

Monsieur LeFebvre:

We have just read a spate of material on Pay-TV as supplied by the Canadian Conference of the Arts, ACTRA, and the media in general. As a performing artist on and off television, and as a member of the general public, we have been asked to advise you of our concern. Please register this letter as my vote against any immediate approval of Pay-TV.

We really don't need it.

Please don't give any more media entrepreneurs a license to print money. They don't need it.

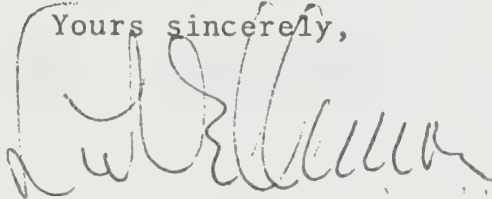
Please do not open any wider the door to U.S. style culture than it is already. We don't need that either.

Please consider breaking the stranglehold of American domination in the Canadian film industry, particularly distribution.

Please consider increasing Canadian Content rules.

Please consider limited Pay-TV only for all Canadian production. That we need.

Yours sincerely,



Leo Velleman
General Manager

LV/fa

Patrons

William R. Allen, Q.C.
Arnold Bruner
E. G. Burton
Senator Keith Davey
Mrs. H. Clifford Hatch
Frank F. McEachren

Directors

G. Douglas Hall
David Moss
Heinar Piller
Leo Velleman
Leo Velleman

**Canadian
Puppet
Festivals**

Chester
Nova Scotia
Canada
BoJ LJo

Received By / Reçu par
SECRETARIAT

SEP 16 1976

C. R. T. C.

PROJECTIONS

980 Yonge Street,
Toronto, Canada M4W 2J8

COMMENT COMMENTAIRE
#21

972-21

13 September 1976

Received by - Regu par
SECRETARIAT

Mr. Guy Lefebvre
Secretary General of
CRTC
100 Metcalfe Street
Burger Building
OTTAWA Ontario
K1A 0N2

SEP 16 1976

C.R.T.C.

Dear Mr. Lefebvre:

I am a Director. Presently I am in charge of a production company, Projections Productions Ltd., and very active in the execution of television commercials and programs. From such a position, I am looking at the present state of Pay TV development with keen and selfish interest.

At the moment, I find it difficult to sort out the various directions proposed without first establishing if Pay TV is really needed in Canada? My first answer to that question would have to be no, only because there are better ways to remedy the problem of the broadcast industry in general and the program production industry in particular. At this moment, cable operators are seeking gold at the end of the line, while program producers are looking upon Pay TV as their saviour by legislating it one hundred per cent Canadian content. I am afraid I cannot, under this concept, see the most important third party, the paying public, appearing on the other end of the cable. After all, why would someone pay for a program at home on Pay TV that one did not have the desire to see at the theatre or on off-air free television? Of course, the problem is far more complex than that.

Major clarifications are required as the the difference between off-air and Pay TV and their purpose and attraction.

However, as circumstances and pressures mount, I see as a foregone conclusion that we are going to have Pay TV in the relatively near future and the Commission will be spending its energies establishing the right structure under which it will operate. If indeed that is the case, I would like to propose a system that is more workable - in my opinion - than the many so far proposed. This system is intended to be fair to all parties and will serve the industry as well as the general public.

I propose,

First, that Pay TV be not limited with a one hundred per cent Canadian content. If feature films will be its prime attraction - and as a business proposition as well as a difference from off-air TV, I cannot see any other major continuous attraction - it cannot now or in the foreseeable future survive on just Canadian content. It could probably start out as twenty-five per cent Canadian, seventy-five per cent other and eventually achieve a fifty-fifty per cent ratio.

Second, the system should have three tiers:

- 1) Cable operators - totally self-financed.
- 2) Network organization - independent, non-profit body responsible for the administration, purchasing and distribution of programs.
- 3) Independent producers - partially financed by cable operators.

CABLE OPERATORS

NETWORK

INDEPENDENT
PRODUCERS

Third, the network organization would be responsible for the purchase of all programming independent from cable operators interest but using funds made available by the operators. Buying programs other than Canadian ones, the network would carry on on a negotiated basis. In other words, buy programs like off-air free TV does. With regard to Canadian programming, the following principles would apply:

- a) A predetermined percentage of estimated gross revenue would be used to finance Canadian programming.
- b) The initial funds for start-up as far as Canadian programs are concerned would be provided by a government loan repayable within two years.
- c) As it is unfair to expect that a Canadian program would reach its fullest potential on Canadian Pay TV alone, producers would be allowed to reach only a break-even or modest profit position through distribution on Canadian Pay TV.

This is how a typical Canadian production would be financed:

- 1) A producer whose program proposal is approved by the network for production would be advanced fifty to seventy-five per cent of the cost of the production, probably through stages, if he has proven the commitment of the additional twenty-five to fifty per cent needed through the private sector.
- 2) When the production is finally aired on Canadian Pay TV, a prorated revenue would be established for the program dependent on whether or not the system selected is pay per program or flat monthly fee.
 - a) First the cable operator would be allowed to recoup time and line charges from this revenue.

- b) Then, the producer would be allowed to recoup the portion of investment received from private sectors. This is to ensure the continued availability of these funds.
- c) The cable operator would take his program investment (fifty to seventy-five per cent).
- d) Following this, a network administration charge would be recovered.
- e) From the remaining revenues, the producer and the outside investors and the cable operators would be allowed to share equally a predetermined percentage of profit.
- f) All the remaining amounts would be automatically reinvested in future programming.
- g) The cable operator and the investor from the private sector would continue to share revenues from the distribution of the program through other means - theatre, off-air TV, etc. - as original investments. However, the cable operator's share in percentage would be less than the percentage of original investment in order that the producers, who were not asked to put up funds originally, could share profit as their incentive. (Of course, it is possible that the producer becomes the investor if he himself puts up the twenty-five to fifty per cent required from the private sector.)

Here's an example:

- 1) Let's assume that a program was produced at a cost of \$300,000.

Network contribution	\$195,000 (65%)
Private sector	<u>105,000</u> (35%)
Total	\$300,000

2) The program is aired on Pay TV and the revenue prorated for the program is \$425,000.

a. Cable operator takes time and line charges	\$ 20,000
b. Producer recoups private investors share	105,000
c. Cable operator takes his share	195,000
d. Network administration	3,000
e. Profit for all investors (15%)	45,000
*f. Reinvested in Canadian productions	<u>57,000</u>
	\$425,000

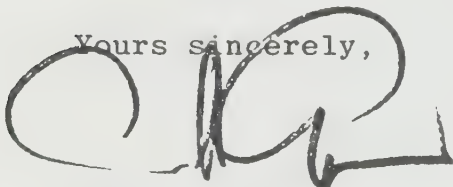
*This is first used in part to repay original loan and eventually produce larger and larger funds to increase Canadian programs.

This system would:

- a) assure programming that is attractive, therefore have an audience.
- b) make Pay TV financially viable for operators.
- c) generously support the Canadian production industry.
- d) focus attention to produce a product aimed at the international market.
- e) allow reasonable return to all investors without looking upon Pay TV as the means to recover all investments and profits.
- f) remove operators from programming and distribution interests in a direct sense.

I would like an opportunity to advance this proposal and present it in much greater detail, and I am asking for advice as to time and form this proposal could be tabled in front of your Commission.

Yours sincerely,



Gabor H. Apor
President & Executive Producer

GHA/K

CTV Television Network Ltd.
42 Charles Street East
Toronto, Canada. M4Y 1T5
Telephone: (416) 924-5454
Telex: 02-2678



Murray H. Chercover
President
and Managing Director

September 24, 1976

Mr. Harry Boyle
Chairman
Canadian Radio-Television and
Telecommunications Commission
The Berger Building
100 Metcalfe Street
OTTAWA, Ontario
K1A 0N2.

Dear Harry:

I take pleasure in submitting a joint proposal on behalf of the majority of the private telecasters in Canada with respect to guidelines for the introduction of pay television if and when it is decided to proceed.

The development and submission of this proposal has placed the private telecasters in a difficult dilemma. On the one hand, we perceive no strong public demand for pay television and we recognize, at the same time, the enormous potential damage to be realized with the introduction of pay TV.

On the other hand, there are those among us who sense a certain inevitability about pay television in Canada and we therefore are of the strong opinion that Canada's private telecasters must have a direct involvement in the introduction and operation of a pay television system both because we believe we are the most qualified and because it is the private telecaster who stands to lose the most as the result of the implementation of pay TV.

It has been with these thoughts and concerns uppermost in our minds that we have met together in the attempt to forge a single, common position that would best reflect our views on the matter.

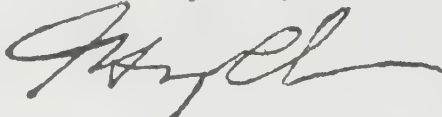
It is, perhaps, no minor miracle that this objective, in substance, has been achieved. Only on rare occasions have Canada's private telecasters found such a common cause.

...2

This submission represents a careful, considered position on all relative aspects of the introduction of pay television in Canada. Our approach is both positive and constructive as regards the ultimate value of pay television to Canada's viewers, the conventional broadcasters and program production industry.

Only with appropriate conditions and carefully crafted guidelines should we embark on the introduction of pay television at this or any other time. If pay TV must be a reality it must only be under circumstances which will not add to the damage already experienced to the national objectives of the Broadcasting Act and those vital national, regional and local elements comprising the system which the Act describes.

Yours very truly,



Murray Chercover

:mw

c.c. Guy Lefebvre
Ralph Hart

(Private Sector List)
(CTV Board Members)
D.W. Coyle
Bruce Parkes
John Coleman

PROPOSED GUIDELINES FOR THE INTRODUCTION OF PAY TELEVISION IN CANADA

**Submitted on behalf of the Private
Television Broadcasters in Canada
- CTV Affiliates, Private Independent
Stations, Regional Services and the
Private Affiliates of the Canadian
Broadcasting Corporation**

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FOR THE
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INTRODUCTION

This submission is intended to assist the Canadian Radio-Television Commission, the Department of Communications and other interested agencies toward the development of satisfactory and productive guidelines to be utilized for the logical introduction of Pay TV in Canada at an appropriate time and under conditions which would not add to the damage already done to the national objectives of the Broadcasting Act and those essential national, regional and local elements which comprise the system described by the Broadcasting Act.

It is imperative that these guidelines result in positive development which can enhance our national objectives and which may contribute to the objectives outlined by Mme. Sauve.

1. "A Pay Television operation or structure should maximize potential benefit for the Canadian broadcasting system and for viewer choice.
2. It must provide a range of programming which does not duplicate that now being offered by broadcasters and must do so without siphoning programs from the broadcasting system.
3. It must ensure the production of high-quality Canadian programs that Canadians will watch.

4. It must ensure that programs are produced in Canada for international sale."

To accomplish these objectives would require the Pay TV system to generate significant funds for new program production.

Let us state in a forthright manner that if these positive goals do not appear achievable, we would not submit application to operate Pay TV in Canada and would strongly recommend deferral of Pay TV for the foreseeable future.

This submission is being made on behalf of all of the elements comprising the private sector of television: CBC private affiliates, independent stations, regional services and CTV and its affiliates.

Should appropriate guidelines be established, an application would be made on behalf of a new company to be formed by, and comprised of, those broadcasters associated with this presentation and others from the private sector who may later join in the project. No voting trust will be permitted. Each individual participant would hold its shares and vote its shares independently. Moreover, the distribution of shares on a basis to be mutually agreed upon would ensure that no individual company would have effective control.

It should also be noted that we have maintained continuing liaison with the TVA Television Network and its affiliates on the assumption that two national systems, one English and one French, could be the logical outcome; and these two agencies could have a commitment to each other, should Pay TV eventually be introduced, to cooperate in the acquisition and exhibition of product, to exchange technological and operational procedures, and should thus be more efficient in the provision of services to their subscribers.

In a group as large and diverse as the broadcasters represented in this submission, it is expected that there would be some variance of ideas. There was, however, such consistency with respect to the essential concerns of fragmentation, primary and secondary siphoning, and the potential of further undermining the fragile foundation for a viable conventional broadcasting system, as well as concern for the development of a viable production industry, that we found no difficulty in agreeing on the basic principles contained in this, our recommended guidelines for the introduction and operation of Pay TV in Canada.

Some of the broadcasters associated with this submission will present their own views separately, expressing particular concerns with respect to their own markets and operations.

BACKGROUND AND REVIEW

On June 2, 1976, the Minister of Communications, the Honourable Madame Jeanne Sauve, announced that she had asked the CRTC to call for and receive submissions from the public on the structural development of Pay TV.

In further comments by the Minister and by Mr. Harry J. Boyle, Chairman of the CRTC, the aims and objectives of such a development were outlined, stating that the Canadian program production industry and the Canadian public must be substantial beneficiaries of the proposed system.

The Hon. Mme. Sauve said of Pay TV:

"this new service will be a watershed in the development of broadcasting."

"...could not Pay TV make a contribution to solving the most crucial problem in Canadian broadcasting, that is, the under-developed state of the Canadian program production industry."

"It must ensure the production of high-quality Canadian programs that Canadians will watch."

Mr. Boyle said Pay TV should evolve from:

"a policy of 'Cultural Security' for Canada."

In the CRTC's Policies Respecting Broadcasting Receiving Undertakings (December 16, 1975) it was held that Pay TV should:

"...primarily benefit Canadian broadcasting, the program production industry and Canadian creative talent."

In a speech to the Canadian Association of Broadcasters on April 26, 1976, the Hon. Mme. Sauve expressed concern over the lack of Canadian TV programs exported throughout the world, adding: "We are obviously failing to meet international standards and there is something fundamentally wrong with the Canadian product that not even a lack of money can explain away."

As broadcasters, program producers and packagers, we, too, are concerned with our limited success in the international market place.

It is generally recognized that the physical resources required to produce tape and film productions are not totally lacking in Canada, nor is expertise in the technical and artistic fields. Canadian production facilities and production personnel have been and continue to be in demand by major foreign producers. Programs for all three U. S. networks have been produced in Canada, utilizing these Canadian resources.

Some of the programs produced by the Canadian broadcast industry have enjoyed international success. For example, over the years, CTV and/or its affiliates have entered into co-production arrangements on such entertainment program ventures as POLICE SURGEON, UNTAMED WORLD, THE BOBBY VINTON SHOW, ROLLIN' ON THE RIVER, THE STORY THEATRE, ONE HALF THE GEORGE KIRBY COMEDY HOUR, SWISS FAMILY ROBINSON and others. Major dramatic and musical specials, such as VALLEY FORGE, HARVEY, COLE PORTER IN PARIS, LOOK HOMEWARD ANGEL, THE BORROWERS, THE RAY STEVENS SHOW, MIRROR MIRROR OFF THE WALL, BLACK WATER GOLD and others were produced in Canada for the U. S. television networks. Documentary and historical programs have included CHE GUEVARA, RED BARON, THE RUSSIAN/GERMAN WAR, PRIMITIVE MAN, etc.

These programs were successful, both artistically and financially. Budgets ranged from two to twenty times the budgets available for regular Canadian prime time programs.

The Global Television Network is now beginning to produce programs of international quality. A 90-minute documentary on Albert Speer, THE LAST NAZI, and a series entitled SCIENCE INTERNATIONAL are being marketed abroad.

What, then, is the difference between those Canadian programs which have been accepted internationally and those which have not?

Utilizing the CTV experience, we can establish that in each and every instance of success the amount of funds committed to these Canadian-produced programs was significantly higher than those available for the programs which did not achieve international exposure. It should be noted here that:

1. Canadian broadcasters already spend a much higher percentage of their revenue (and even proportionately more on the basis of audience expectancy) on program production than do U. S. broadcasters.
2. Canadian companies spend less on advertising per capita than do their American counterparts.
3. Television enjoys a smaller percentage of the total advertising budget in Canada than does TV in the U. S.

While we acknowledge that additional funding alone will not result in improved programming, more funds than are presently available would enhance the chances of improving our over-all efforts. Funds are needed to employ more creative personnel. Funds are needed for experimentation, rehearsal and direction. With additional resources we are certain that Canadian production executives will be able to attract larger domestic audiences and enhance the prospects of sales abroad. As with technical and creative capacities, Canadian domestic program production does not lack for people who are effective in the utilization of these resources and knowledgeable in the field of program packaging.

Despite our major budgetary disadvantages, Canadian productions have shown their ability to draw larger audiences than many imported programs. For example, in a common ranking of total viewers for both the CTV and CBC network programming in March 1974, A. C. Nielsen reported that CTV's UNTAMED WORLD, which ran Sundays at 5-5.30 PM, attracted a larger audience (1,670,000) than FRIDAY NIGHT MOVIES (1,648,000), a special entitled REALLY RAQUEL (1,640,000), another special called DR. SUESS-LORAX (1,640,000), THE GIRL WITH SOMETHING EXTRA (1,605,000), POLICE STORY (1,582,000), SUNDAY MYSTERY MOVIE (1,556,000) and MARY TYLER MOORE (1,546,000) ...all of which were scheduled in prime time. CTV's POLICE SURGEON, which ranked immediately after UNTAMED WORLD in the same report, also attracted more viewers than the list provided above.

In the comparable Nielsen report for March 1975, CTV's SWISS FAMILY ROBINSON attracted more viewers (1,869,000) than such U. S. productions as SUNDAY MYSTERY MOVIE (1,775,000), CANNON (1,772,000), FRIDAY NIGHT MOVIE (1,688,000), a special called THE LAW (1,650,000), ADAM-12 (1,632,000), KAREN (1,601,000), ARCHER (1,589,000), POLICE STORY (1,570,000), MEDICAL CENTER (1,522,000) and RHODA (1,476,000).

Even public affairs shows like CTV's MACLEAR (with 1,447,000 viewers) have outperformed such imports as CHICO AND THE MAN (1,443,000), THE STORY OF JACOB AND JOSEPH (1,325,000), MARCUS WELBY (1,290,000), KUNG FU (1,034,000) and CARIBE (880,000).

The competitive value of Canadian produced programs is also confirmed by BBM. In the Spring 1976 BBM report, for example, CTV's BOBBY VINTON SHOW drew a larger number of viewers (1,856,000) than such U. S. offerings as STREETS OF SAN FRANCISCO (1,801,000), THE ROOKIES (1,758,000), WELCOME BACK KOTTER (1,745,000), JOE FORRESTER (1,465,000), a special called LOLA (1,182,000), THE PRACTICE (1,104,000), and BERT D'ANGELO, SUPERSTAR (867,000).

We do not propose, nor do we believe it is necessary to reiterate all of the different economic factors presently faced by Canadian broadcasters. It is, however, an important reality that we do serve in two languages a land mass that is larger than the United States, with only one-tenth the population. Distribution costs and costs related to handling our time zones are disproportionate. Canada is served by two national English networks plus a regional service and a sufficient number of independents to equal roughly a third network, plus the various French services, both public and private, and regional educational services. Added to all of that are at least four U. S. networks available to most Canadians via cable as well as off-air. These four networks represent the total national networking activities of a nation with more than ten times the economic base available in Canada.

The expansion of cable television has brought many more television services into our markets, both large and small, providing the Canadian public with more television choices than any other country.

The proliferation of these television viewing alternatives has not been accompanied by any noticeable increase in the amount of viewing time by Canadian television audiences. The result has been a reduction of audience for the individual Canadian television broadcaster and more particularly, Canadian produced programs.

In Edmonton, for example, in January of 1973, with two local stations and cable penetration of 25 per cent, the total prime time Canadian program hours viewed were 4,450,205. Three years later, in January of 1976, with a third Canadian television station now serving the Edmonton market and cable penetration in excess of 45 per cent, and with an increase of 50 per cent in the number of hours of Canadian prime time programs available, the actual BBM measured hours of viewing of Canadian programs decreased 31.2 per cent. This occurred prior to the introduction of yet another American commercial channel which had just recently been licensed for cable distribution in Calgary and Edmonton. Other market studies confirm this very alarming pattern. Consider what the situation will likely be when and if Pay TV becomes a reality in Edmonton and other Canadian markets!

It is reasonable to assume that if two popular movies per week were offered on a subscription basis on Pay TV, each Pay TV subscriber would devote four to five hours per week to the Pay TV channel.

That would be roughly equal to 10 per cent of present viewing time and would probably reduce the viewing of off-air television by at least an equal percentage. Furthermore, movies shown on Pay TV will ultimately be shown on regular television. When these movies are aired by television broadcasters, their potential audience will be reduced to the extent that those who have already viewed this product on Pay TV will not be inclined to view them again, thus creating a secondary siphoning effect.

How then can Pay TV (which is still unproven anywhere in the world, even in the United States) be introduced into Canada in such a way as to provide maximum benefit to the Canadian program production industry and the Canadian public, and at the same time benefit the Canadian broadcasting system.

It has been suggested that as much as \$13½ million might become available from Pay TV for production of Canadian feature films and TV programming and that this is approximately equal to the amount the CTV Network will spend on Canadian entertainment programs in 1976/77. But this network estimate of expenditure excludes CTV's national news and documentary programs and does not include the co-production or licensing of Canadian motion pictures. It also does not include the amounts spent individually by the CTV stations in providing approximately 180 station hours

per week of prime time Canadian programming and those expenditures of other private and independent stations on their respective Canadian programs.

If the projected \$13½ million fund were to be divided equally between feature films and TV programs, there would be \$6,750,000 available for television programs. If the program budgets were set at \$100,000 per program hour -- a comparatively low figure by international standards -- a total of 67½ hours of programs per year could be produced -- a mere 1½ hours per week! We do not believe that 1½ hours per week would be a significant contribution towards our mutual objectives, particularly as the additional foreign programs on Pay TV would more than offset this nominal increase.

The Canadian television broadcasting industry is already on record with the Commission as to its concerns regarding the potential harm to the industry by the development of Pay TV in Canada. We regard it as another competitor to the TV industry. If, however, it were decided by the authorities to proceed with Pay TV, we would hope that it would be structured so as to contribute to the support of that same industry it would most certainly damage the most...the private telecasters, the very backbone of the Canadian broadcasting system.

We are pleased that these concerns have been recognized and are shared by both the Minister and the Commission.

Siphoning, fragmentation, the undermining of the Canadian broadcasting system, are all probable results of the future introduction of a Pay TV system unless proper safeguards are taken to minimize or prevent them. Siphoning and fragmentation are, however, in our opinion inevitable, no matter what safeguards are introduced.

We have, therefore, given careful study and thought to the manner and means of the introduction of Pay TV to Canada should the Government elect to proceed at this or any future time.

Our proposal for the structure and development of Pay TV will, we believe, meet the primary objectives and expectations of the system: (a) further the improvement of the Canadian program production industry; (b) minimize the effect of siphoning and fragmentation; (c) make a positive contribution to the strengthening of the Canadian broadcasting system.

PROPOSAL

Should the Government elect to license Pay TV in the future, we believe that a Canadian Pay TV system should be owned collectively by any and all Canadian private television broadcasting companies wishing to participate in this venture. The premise: it is essential that as Pay TV further depletes the audience levels of Canadian stations, and as cable continues to expand with its documented negative effect on Canadian programs, there will be some measure of support given to that sector of the industry which has and will continue to be seriously affected. To the degree that Pay TV is successful, these broadcasters could potentially maintain the financial stability of their broadcasting operations.

We have not included the cable television industry in the proposed ownership structure because we believe that, unlike telecasters, they have failed to obtain and demonstrate sufficient expertise to program such a venture and this factor has to be the key element if Pay TV is to be successful.

Conversely, we believe Canada's private broadcasters have demonstrated, despite limited resources, a real capacity for program production and development on an international basis and have established and demonstrated both the knowledge and expertise in program acquisition and scheduling necessary for a national distribution system.

Secondly, it is essential that broadcasters be directly involved in the development of programs which will assist in the repatriation of audiences to Canadian stations and Canadian programs which, we presume, can be the only reason for introducing Pay TV in Canada at this time. Furthermore, conventional television will suffer further hardship as the result of Pay TV and it therefore urgently needs to be assisted by any benefits that might accrue from Pay TV ownership. By excluding cable operators from the proposed ownership of Pay TV, we are not excluding them from the enterprise, since the hardware and services which they can supply under reasonable terms are essential to the initial introduction of Pay TV in Canada.

We have not included the public sector in our proposal for the ownership and operation of Pay TV. In the first instance, we are not sure that they want to be included. More significantly, the CBC already enjoys massive subsidization of its broadcasting activities. According to our information, the CBC had \$427 million available to it in 1976/77 and expects to have almost \$1/2 billion per year, or roughly \$10 million per week within the next three years.

We have not included the general public in our capital consideration because Pay TV as it is conceived in Canada would not be a normal business undertaking.

The investment will be considerable. Existing American systems have not as yet shown positive results. There would be a high degree of risk. Equipment and market testing must still be done. Large sums of money will be re-directed to finance Canadian TV and film productions and thus an early return on capital is not anticipated.

We recommend two national and exclusive Pay TV licenses -- one for each official language. The two licenses would act in cooperation in the acquisition and exhibition of product for the Pay TV service and in production of certain programs whenever the two systems can benefit from such a cooperative enterprise. This approach has been discussed with our French-language counterparts.

Because there is no clear evidence that Pay TV will result in the achievement of the positive objectives set forward by the Minister of Communications and since technology is in a rapidly evolving state, we propose that the licensee be required to undertake testing in selected markets for appropriate evaluation of equipment, marketing potential, technology and, more important, programming acceptance.

We propose that, should any form of Pay TV be introduced after appropriate tests and results are evaluated, Pay TV be required to make a substantial contribution to Canadian program production

through the establishment of a program production fund. The determination of the amount and proportion of contribution to this fund should, in the early stages of development of the Pay TV system, be flexible. However, a minimum level of contribution (we suggest \$1 million per year for three years) should be required at the outset. Once the system is established, we propose that 15 per cent of the gross revenue plus 40 per cent of the net earnings be allocated and paid into the fund.

The fund will be used exclusively for the production of Canadian feature films and TV programs.

It is our proposal that the Pay TV service not be required to meet any content requirements within the service it provides to its subscribers. All programs and features should be shown on this service only on the basis of their merit in order to generate the maximum revenue possible and this will include those Canadian theatrical properties which demonstrate box office potential.

We propose that the fund be available for use by the Pay TV company at its own discretion during the establishing period.

Thereafter, the fund could be equitably allocated in the following manner:

1. A percentage to the development and production of Canadian feature films for use in theatres, Pay TV and ultimately conventional television.
2. A percentage for programming of a cultural nature to be offered to any and all media to assure its maximum exposure across Canada.
3. A percentage to a television program production fund to supplement, enhance and expand (not replace) existing expenditures on Canadian programs for conventional telecasting.

It is important to stress that the allocation to a television program production fund would supplement, not replace, existing expenditures on Canadian program production. By combining these monies, it would be possible to produce Canadian television programs of higher quality -- thus enhancing the chances for more international sales as well as better viewer response in Canada. The television segment of the fund will be a profit participant in all such foreign sales, thereby generating more monies for the program production fund.

Should the tests prove favorable and this plan be implemented, it is possible that the Canadian television program production industry, including performers, writers, directors, etc. will grow and mature, thus creating more and better opportunities for Canadian artists.

Higher quality programs will ensure more Canadians watching Canadian programs and Canadian performers on Canadian television stations. This could be a positive contribution to the problem of fragmentation. By utilizing funds from the Pay TV operation to improve quality of these programs for over-the-air broadcasting, the benefits will be available to a far greater number of Canadians than if these programs were restricted to the Pay TV channel or even to cable subscribers. The programs, or some of them, will be available to practically all Canadians!

Allocation of these monies among the Canadian producing broadcasters could be established on a predetermined basis. The use of such funds must, however, follow the basic principle of enhancing and improving the quality of Canadian programs.

It is inevitable that the Pay TV operation would become a major customer of foreign film product. Associations and business arrangements with producers of this product should be developed so as to encourage those producers to invest in the Canadian motion picture industry.

The monies allocated for the production of Canadian motion picture films could be levered to a two-to-one or three-to-one basis -- increasing substantially the funds available for the development of this industry in Canada.

We would welcome the participation of both the CFDC and the CRTC in the development of the use of this portion of the fund.

For its investment in motion pictures, the Pay TV company will be entitled to a limited use of any such films on the Pay TV system -- after a reasonable period of theatrical release. The fund will also be a profit participant in those films in which it invests. Profits, if generated, will be placed back into the fund's motion picture allocation, thereby potentially generating more monies for this important industry.

The Pay TV company will also retain a percentage of the monies allocated to the fund for productions of artistic merit, operas, ballet, classical drama, etc. These programs will be made immediately available to any broadcaster wishing to show them with the highest priority given to CBC and provincial educational systems. The Pay TV system will reserve time in its schedule, if necessary, to ensure these programs are available to the public. However, conventional broadcasting will achieve far greater distribution for these enriching properties, whereas pay channel release would only provide exposure to those households which are subscribers to Pay TV. The Pay TV company will endeavor to sell these programs abroad or exchange them for similar programs of merit.

The balance of this last allocation will be used for experimental pilot programs and specials which we think may be of special interest to Canadian viewers. These programs will be produced for the Pay TV channel. Such programs could be used also by conventional television and theatrical exhibition. Once again, through sale or exchange, more programs and more production dollars could become available.

Reiterating the serious concern of Canada's private broadcasters regarding the premature licensing of Pay TV in this country, we nevertheless submit that these proposals could meet all of the major aims and objectives laid down for a Pay TV service in Canada.

DISTRIBUTION AND DELIVERY

There are two basic methods available under the regulatory umbrella of the CRTC for delivery of the Pay TV signal to the subscriber at the present time. One is through the utilization of existing cable television systems, the other through off-air broadcasting. Ultimately, technological advances will offer further options such as direct satellite to home; and other techniques not necessarily under Federal regulatory authority are video discs, cassettes, closed circuit via fibre optics, etc.

At the present time there are a variety of devices and methods available and employed in the delivery of a secured pay television signal, be it over the air or cable delivery. None of these methods appear to be a complete answer to what will be the final form of a Pay TV operation in Canada. We have examined and continue to examine positive traps, negative traps and various types of descrambling units. As might be expected, costs of these units vary substantially. The electronics industry in North America and the United Kingdom are hard at work trying to develop newer, better and less expensive methods to supply controlled signals for Pay TV services. For these reasons we believe it is essential that the national Pay TV system be given some time to experiment with different types of secured channel systems.

This period of experimentation will also allow the operator to carry out some programming experiments and evaluate acceptability of Pay TV to Canadian audiences.

At the outset we are proposing the utilization of a single channel on a subscriber basis with the possible addition in the future of a second and third channel to carry diversified program offerings. The Commission should ensure that adequate capacity is reserved for this purpose. We also propose that the Pay TV company be responsible for the selection and financing of the capital equipment required in the Pay TV system. The Pay TV company would work closely with cable operators, common carriers and other interested parties in the process of selection, but in order to ensure a compatible, efficient system across Canada, it is essential that the final determination rest with the Pay TV licensee.

It is our proposal that the Pay TV company would work closely with the cable television industry to determine responsibilities for various aspects of marketing, installation, servicing and administration of the system in the licensed cable television areas, in order to avoid duplication of equipment and functions.

The Pay TV company would enter into a standard agreement on reasonable terms to be negotiated with cable operators for the carriage of the Pay TV service.

There are many advantages to the cable operator in this approach. He is not required to make further heavy capital expenditures to introduce Pay TV into his system. The cable operator has an additional program service to offer to his customers (at no additional cost), which will attract more customers to his basic service.

In this way the cable TV industry can participate in the establishment of Pay TV in Canada, should it be implemented.

THE FUND

The private telecaster's plan would create a production fund from revenues derived from a Pay TV system in two ways:

1. (a) 15 per cent of gross revenue will be allocated to the production fund.
(b) Regardless of the amount generated in 1.(a) above, the Pay TV company would be funded with sufficient capital to guarantee at least \$1 million a year to be allocated to the production fund for the first three years.
2. To enhance the fund further, 40 per cent of net earnings would be used to augment the sums previously allocated.

For example, on the basis of 500,000 subscribers paying \$9 per month for the Pay TV service, the fund would receive \$8 million a year at 15 per cent of the gross (see Page 28). If net earnings were at that time \$2.5 million, another \$1 million would be added to the production fund for a total of \$9 million.

Canadian half-hour series which could normally command only a budget of \$25,000 per negative now could have access to double that amount per production year, the equivalent of \$100,000 per production hour. Depending on the size of the fund, this could positively benefit six to eight worth-while Canadian series.

In this way, it is suggested that the audience levels to these programs would be enhanced, while at the same time making such programs more marketable internationally.

As we have stressed, a system could be established to ensure that the fund will be used to augment and not replace normal production budgets. Emphasis will be placed on the most worthwhile projects to ensure the maximum success of the entire undertaking.

If we assume 40 per cent of the \$9 million production fund were allocated to feature film production in a given year, the \$3.6 million available for theatrical productions might result in the financing of only four low-budget features at roughly \$900,000 each. Rather than apply these funds in this way, an effort would be made to seek projects with partial financing already available which, when augmented by the Pay TV fund, could command still further investment. Supporting projects with no more than, say, \$450,000 of initial financing might produce budgets upwards of \$1,350,000 through this technique, thereby enabling production of perhaps eight motion pictures a year with more substantial budgets.

The key factor will be astute management of the production fund, which will require a combination of keen intuition as to the program properties with strong audience appeal, both domestically and abroad, plus good fiscal judgement to safeguard a satisfactory return on investment, thereby ensuring a growth in funds available for future productions.

PAY TV PRODUCTION FUNDBASED ON 15% OF GROSS & \$9/MONTH FEE

<u>Pay TV Homes</u>	<u>Production Fund</u>
50,000	\$1,000,000 ⁽¹⁾
100,000	1,620,000
500,000	8,100,000
1,000,000	16,200,000

(1) Guarantee of \$1 million per year, first three years.

Note: Fund to be supplemented by additional funds
derived from 40% of net earnings before tax.

SUMMARY

We do not believe that all the goals and objectives set out by the Minister of Communications and the CRTC for the introduction of Pay TV can be achieved. Nevertheless, in the event that the decision is taken by the Government to license Pay TV in Canada, we believe our proposal addresses these objectives in the best interests of the Canadian viewing public, the Canadian broadcasting system, and the Canadian production industry. We therefore propose the following:

1. The licensing of one national entity for English and a parallel single national entity for French. Only through such a logical exclusive national franchise can program acquisition procedures be established which will provide for the most beneficial terms for Canada. Indeed there may be a prospect for developing cooperative Canadian co-productions with major foreign producers, impossible with fragmented or regional licenses, which would lead to international exposure for the resulting product.
2. The English and French language franchise holders would be a consortium of private stations -- the logic for such a decision is irrefutable.

First, broadcasters are the essential elements which comprise the private sector of the conventional broadcasting system -- and must be those most hurt by yet an additional element of fragmentation as well as siphoning effect which will occur with the advent of Pay TV. Second, as broadcasters, we are all aware that programming is the single most critical element in any service provided to the viewer -- either off-air, via cable or through a Pay TV system. Third, we have demonstrated a capacity to attract audiences and more important, with our limited resources, have already created many worth-while internationally successful programs.

3. It is essential that a reasonable period of experimentation be permitted in selected markets to evaluate hardware, alternative delivery systems, as well as to gauge public acceptance.
4. There should be no Canadian Content requirement imposed on the license. Pay TV must be regarded as a provider of funds for the support of the Canadian production industry. In order to do so, it is essential that the system be permitted to generate the maximum subscriber interest and revenue flow utilizing the most attractive programming regardless of the source.
5. The franchise holders should create a production fund -- as previously outlined. The program fund should be re-distributed as follows:

- (a) A percentage to a feature film investment fund. This fund will supplement CFDC and private investment and may be associated with funds from foreign suppliers in co-production.
 - (b) A percentage to a cultural program fund for the widest possible distribution.
 - (c) A percentage to a television program enrichment fund. This allocation will be for conventional television program production to supplement funds already committed, thus enhancing the Canadian programming both to domestic viewers and to potential export markets.
6. Pay TV should not be permitted to carry commercials or any form of sponsored programming. This is essential because the private sector of conventional television is solely dependent on commercial revenue to fund its operation and Pay TV should not be permitted to infringe on this revenue source.
 7. Pay TV should not be permitted to carry serial or series programming or conventional television specials. Two things would occur, affecting the private broadcaster: the fact of further siphoning would be felt with respect to an already tight programming supply, and the costs of program acquisition will escalate.
 8. Pay TV should not be permitted to carry motion pictures three years or more from the date of initial theatrical release.

9. Should rights negotiations for events normally carried on conventional television fail, a waiting period prior to Pay TV acquiring these events should be established (we recommend no less than five years).
10. The Pay TV company will be permitted to carry live events not normally carried by conventional TV.
11. The CRTC must direct the cable systems to provide the necessary channels on a priority basis. This proposal is based on the premise that cable operators will be compensated for all incremental costs, e.g. origination, installation, sales, service, etc. This new program option may also be significant in increasing cable subscriptions beyond existing levels.
12. Consideration must be given to alternate delivery techniques, e.g. off-air, satellite-to-home, etc. Technology now in development may provide the opportunity to make Pay TV available beyond the reach of established cable systems, thus meeting the desirable option of universal accessibility.
13. It is essential to ensure that the public not be denied access to that which is currently available through free television. Primary and secondary siphoning must be controlled to preserve viability for the conventional off-air system which bears the direct responsibility for the fulfillment of national objectives as set in the Broadcasting Act.

Respectfully submitted on behalf of all participating broadcasting companies.

BRITISH COLUMBIA

Radio Station CJDC (TV) Ltd., Dawson Creek
Inland Broadcasters (1969) Ltd., Kamloops
Okanagan Valley Television Co., Ltd., Kelowna
Skeena Broadcasters Ltd., Terrace
British Columbia Television Broadcasting System, Ltd., Vancouver
Western Approaches Limited, Vancouver

ALBERTA

Calgary Television Ltd., Calgary
CFCN Television Limited, Calgary
Sunwapta Broadcasting Ltd., Edmonton
Edmonton Video Limited, Edmonton
Monarch Broadcasting, Medicine Hat
CHCA Television, Red Deer

SASKATCHEWAN

CKSA-TV Limited, Lloydminster
Baton Broadcasting Inc., Saskatoon
Swift Current Telecasting Co. Ltd., Swift Current
Yorkton Television Co., Ltd., Yorkton

MANITOBA

MTV Limited, Winnipeg
CanWest Broadcasting Ltd., Winnipeg

ONTARIO

CTV Television Network, Ltd.
Global Television Network
CKVR Channel 3 Ltd., Barrie
Niagara Television Ltd., Hamilton
Frontenac Broadcasting Company, Ltd., Kingston
Central Ontario Television Ltd., Kitchener
CFPL Broadcasting Ltd., London
J. Conrad Lavigne Limited, North Bay, Sudbury and Timmins
Ottawa-Cornwall Broadcasting Ltd., Ottawa
Kawartha Broadcasting, Peterborough
Hyland Radio TV Ltd., Sault Ste. Marie
Cambrian Broadcasting Ltd., Sudbury
Thunder Bay Electronics, Ltd., Thunder Bay
CFTO-TV Limited, Toronto
Channel SeventyNine Limited, Toronto

QUEBEC

Multiple Access Ltd., Montreal
Tele-Capitale Ltee., Quebec City

NEW BRUNSWICK

Moncton Broadcasting Ltd., Moncton
New Brunswick Broadcasting Co., Ltd., Saint John

NOVA SCOTIA

CJCH Ltd., Halifax
Cape Breton Broadcasters Ltd., Sydney

NEWFOUNDLAND

Newfoundland Broadcasting Company Ltd., St. John's



THE CORPS OF CANADIAN (OVERSEAS) FIRE FIGHTERS

President

Canadian (Overseas) Fire Fighters,
Herbert R. Magill
3 Sunnylea Ave; West,
Toronto Canada M8Y 2J6

COMMENT
COMMENTAIRE

Secretary-Treasurer
HERBERT R. MAGILL
198 Gladstone Ave.
TEL. 6-2806
Toronto, Ont.

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3 Sunnylea Ave "est
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August 15, 1976

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Hon. Hugh Falconer, M.P.,
Minister of Secretary of State,
House of Commons
OTTAWA.

TO SECRETARY GENERAL

AUG 15 1976

THE SECRETARY OF STATE

Dear Sir;

I would like to express my pleasure at some of your remarks re- pay Television.

In our area, they seem to be getting ready to start it and I hope before they do, people like you will take a good look at it. It seems a shame that people on pensions will have to pay another eight dollars a month if they wish to see the movies. While I can afford it, I doubt very much if I will.

I believe they regulations must be really made strong to show what these firms will be able to do, and I hope they do not be allowed to take from the regular programs which we now obtain for nothing.

Sincerely

Herbert R. Magill

NOLI TIMERE IGNEM, EXTINGUE

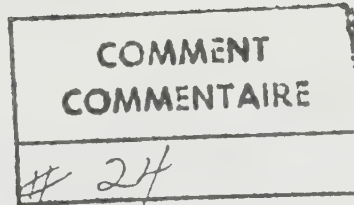
CANADIAN AUTHOR'S ASSOCIATION
NOVA SCOTIA BRANCH

972-21

Indian Harbour 27,
Tantallon RR # 1,
Nova Scotia BOJ 3J0

September 14, 1976

M. Guy Lefebvre,
Secretary-General,
C.R.T.C.,
Berger Building,
100 Metcalfe Street,
Ottawa,
ONTARIO K1A 0N2



Dear M. Lefebvre:

Pay TV can be a stimulant for regional television production, and this should be built into licenses. Pay TV can be a practical financial assistance to regional television production.

Regional television production is already seemingly being phased out. If Pay TV does not supply a shot-in-the-arm, all regional television production will soon be a thing of the past, with the probable exception of regional news and sports.

The executive of the Nova Scotia Branch of the Canadian Authors Association (representing 60 professional writers in Nova Scotia) met on September 9 to discuss Pay TV. In the opinion of this executive, Canada and the tax-payer will not be well served if regional television production (creative, documentary, and topical) is phased out. Even an insistence on a percentage of Canadian content isn't sufficient, for this can result (and often has) in token gestures mainly using Montreal and Toronto production facilities and employees.

We believe that regional consumers will support regional Pay TV just as they support the scores of regional books, publications, arts and handcrafts that viewers or buyers in Montreal and Toronto seldom see. And this support reflects a long careful building up of regional people's interest in their own region. Even regional performing arts, as another example, are now booming in Atlantic Canada.

Indiscriminate Pay TV could ruin this resurgence of regional interest that has taken over a decade to acquire.

As regional writers we have a definite stake in government decisions on Pay TV. We urge you to postpone abrupt decisions and to consider regional needs and desires, to take time to learn (through more submissions and by public hearings) what Canada's creative artists as a whole want their government to do about Pay TV.

Received by - Reçu par

SECRETARIAT

SEP 16 1976

C.R.T.C.

The voice of Canada's creative artists in the licensing of Pay TV should be the first concern of government decision-makers, not the last, as it seems to be now.

We join with the Canadian Conference of the Arts in urging you to allow more time to hear that voice - in effect, to arrange yourselves to hear it.

Sincerely but with some frustration yours,



Donald Wetmore, CM

President, N.S. Branch, Canadian Authors Association
Past Supervisor of Fine Arts and Handcrafts for the
Government of Nova Scotia
Founding President of the Canadian Child and Youth
Drama Association
Recipient of Diplome d'Honneur, Can. Conference of
the Arts.
Member of the Order of Canada

Copies to:

Mr. Harry J. Boyle
Honourable Jeanne Sauve
Honourable J. Hugh Faulkner,
Honourable Lloyd R. Crouse,
Mr. John Hobday, Can. Conference of the Arts
Mr. H.R. Percy, Chairman, N.S. Writers' Federation.

Office des Communications sociales

COMMENT
COMMENTAIRE

25

Montréal, 20 septembre 1976

M. Harry J. Boyle
Président du Conseil de la radiodiffusion
et des télécommunications canadiennes
100, rue Metcalfe
Ottawa, Ont.
K1A 0N2

Received - Reçu
Executive Assistant's Office
Bureau du Chef de Cabinet

SEP 21 1976

C. R. T. C. - Ottawa

Monsieur le Président,

A la suite d'une rencontre avec M. Michel Arpin, de la Direction de la programmation au CRTC, notre Office a organisé, le 16 août dernier, une consultation sur l'implantation de la télévision à péage au Canada, dans le cadre de la publication de l'Avis public du 30 juin 1976.

Le rapport que je vous présente, ci-inclus, est la compilation des opinions émises par des personnes du monde des communications sur cette question de la télévision à péage. Nous le rendons public aujourd'hui même.

En espérant que ce rapport servira aux études du CRTC actuellement en cours, je vous prie d'agréer, Monsieur le Président, l'expression de mes sentiments les meilleurs.

Lucien Labelle

Lucien Labelle
Directeur général

Rapport d'une rencontre de
consultation sur l'implantation
de la télévision à péage au
Canada

20 septembre 1976

Office des Communications Sociales
Montréal

Remarques préliminaires

Ce texte est la compilation agencée des opinions émises par quatorze personnes oeuvrant dans le monde des communications, au cours d'une rencontre organisée par l'Office des Communications Sociales, le 16 août 1976.

Il s'agissait en fait d'une "table ronde", au cours de laquelle les participants étaient invités à exprimer leur avis, sans pour autant engager les organismes auxquels ils appartiennent.

Le rapporteur s'est efforcé de retenir l'essentiel des opinions exprimées, du moins celles qui concernaient directement le sujet. Ces opinions, qui indiquent une ligne générale de pensée, sont parfois divergentes, comme on pourra le constater. Aussi ne faut-il pas interpréter le fait de les avoir retenues comme l'indication qu'elles aient reçu l'approbation de l'ensemble des participants.

S'il y a quelques redites à l'intérieur du texte, c'est qu'elles se situent alors dans un contexte différent.

L'occasion et l'objet de la rencontre ont été l'Avis public du CRTC sur la télévision à péage (30 juin 1976).

Sommaire

I - Le concept de la télévision à péage

1. la télévision à péage de masse ou "payante"
2. la télévision à péage individualisée

II - Les objectifs de la télévision à péage

1. les objectifs en général
2. commentaires sur les trois objectifs majeurs proposés par le CRTC

III - La structure d'une agence de télévision à péage

IV - Le contenu diffusé par la télévision à péage

V - La juridiction pour la télévision à péage

VI - Vers la télévision à péage individualisée

VII - En guise de conclusion

Annexe: Liste des participants

I - Le concept de la télévision à péage

1. La télévision à péage de masse ou "payante"

"La distribution d'émissions, au moyen d'un câble co-axial ou d'un émetteur à ondes hertziennes, moyennant le paiement d'un certain taux" constitue ce que l'on pourrait appeler le concept de la télévision à péage *de masse* ou encore, la télévision "payante", par opposition à la télévision à péage *individualisée*.

PLUTOT UNE
EXTENSION DE
CE QUI EXISTE
DEJA

Cette télévision à péage *de masse* n'est pas différente de la télévision actuelle en circuit fermé, distribuée par les systèmes de câble, avec une programmation imposée aux téléspectateurs.

Le mot "à péage" ne donne pas nécessairement un caractère spécifique à une nouvelle façon de faire les choses. La télévision à péage *de masse* constitue, tout au plus, une nouvelle façon de saturer le consommateur et de l'exploiter encore plus.

Au plan de l'expression, il serait sans doute plus indiqué de parler de télévision "à péage" quand on paie pour chaque émission et de télévision "payante" quand il s'agit d'un abonnement (comme c'est le cas dans l'avis du CRTC).

2. La télévision à péage individualisée

La télévision à péage *individualisée* est celle qui permettrait aux consommateurs de choisir eux-mêmes, grâce à une technique sophistiquée, les programmes qu'ils voudraient regarder à n'importe quelle heure du jour. Elle permettrait aussi l'accès à des banques de données dans tous les secteurs de vie de la société, au plan local, régional, provincial, national et même mondial. Au Québec, en particulier, elle permettrait l'accès à une quantité considérable de documents

QU'UN NOUVEAU
SERVICE

audio-visuels qui dorment dans les archives,
faute de media adéquats pour les diffuser.

Les documents du CRTC parlent de la télévision
à péage *de masse*. L'industrie rêve à la télévi-
sion à péage *individualisée*, mais se contente-
rait bien de l'autre pour le moment.

II - Les objectifs de la télévision à péage

1. Les objectifs en général

EN REPONSE A
UNE URGENCE AU
PLAN ECONOMIQUE

Le souci soudain de réglementer l'implantation de la télévision à péage *de masse* au Canada semble reposer à peu près uniquement sur l'urgence de répondre à des pressions économiques, comme, par exemple, les pressions des câblodistributeurs.

Le développement rapide de la technologie contribue également à créer cet état d'urgence.

On croit détecter aussi de la part du gouvernement fédéral le souci d'éviter avec la télévision à péage les erreurs commises dans le passé par rapport à la programmation de la radio MA et de la télévision dite communautaire, en contrôlant davantage les profits et le contenu de la télévision à péage.

Devant l'inévitable arrivée plus ou moins prochaine de la télévision à péage, il est nécessaire de la réglementer avant que des intérêts trop particuliers, voire étrangers s'en emparent dans la confusion.

PLUTOT
QU'UNE DECISION
A LONG
TERME

Il semble préférable que cette question de la télévision à péage s'insère dans le cadre d'une politique d'ensemble à long terme pour doter le Canada d'un système cohérent de radiodiffusion.

POUR UN BESOIN
NON ESSENTIEL

En soi, l'avènement de la télévision à péage ne répond pas à un besoin primordial du public. Cette dernière se situerait dans le domaine des services, soit du secteur tertiaire de notre économie qui est déjà trop développé par rapport au secteur secondaire.

De plus, des ressources considérables vont être investies dans ce service au détriment de facteurs économiquement et socialement plus importants.

DESTINEE A
UN PUBLIC
DEJA SATURE

Il n'existe pas, tant au Canada anglais qu'au Canada français, un besoin fortement ressenti par le public d'une augmentation de la production télévisuelle. La production de télévision per capita au Canada est la plus élevée parmi les grands systèmes occidentaux de télévision.

QUI NE COMBLERA
PAS UN VIDE

La télévision à péage *de masse* risque donc de servir uniquement les intérêts des diffuseurs et ceux d'un public déjà saturé, capable de payer et qui voudrait posséder sa petite télévision bien à lui. Elle ne comblera pas le vide ressenti chez les plus démunis.

A tout considérer, il est permis de dire qu'un nouveau système de perception en télévision par câble n'est pas opportun pour le moment. En caricaturant, il suffirait qu'on permette tout simplement aux propriétaires de systèmes de câble qui présentent une programmation de qualité d'augmenter leurs tarifs!

DES OBJECTIFS
NON
SPECIFIQUES

Les objectifs de la télévision à péage *de masse*, tels que formulés dans les documents du CRTC et dans le discours de Madame Jeanne Sauvé aux câblodistributeurs ne sont pas spécifiques à la télévision à péage. Ils pourraient tout aussi bien être appliqués à d'autres media de masse existants.

Les objectifs proposés ne sont pas en réalité des objectifs, ce sont plutôt des exigences qu'on imposerait aux éventuels producteurs et propriétaires de la télévision à péage. Les véritables objectifs de cette dernière restent à découvrir.

A PRECISER
SELON DES POSTULATS
IDEOLOGIQUES

Avant de fixer des objectifs, il importerait de se demander quels sont les postulats idéologiques qui président à l'implantation d'une télévision à péage. Une technologie n'est pas neutre dans son usage. Peut-on alors engager l'avenir en partant uniquement du développement de la technologie? Il est utopique et idéaliste de dire que la seule technologie permettra aux consommateurs de télévision de faire des choix plus enrichissants et plus personnels.

Les documents du CRTC révèlent une idéologie capitaliste, typiquement nord-américaine, qui postule à priori que le mieux-être va découler du développement technologique sans considération pour la prise de conscience sociale et politique des communautés. Il y a donc risque que la télévision à péage, conçue selon cette idéologie, soit une menace à la télévision communautaire; elle sera un simple prolongement de l'actuelle télévision par câble, qui est elle-même une intensification de la consommation de la télévision aérienne.

Pour qu'elle se préoccupe des besoins du public, la télévision à péage devrait être plus qu'une entreprise financière.

SONGER D'ABORD
AU PUBLIC

Aussi faut-il considérer la télévision à péage non seulement sous l'aspect économique, mais aussi et surtout philosophique (idéologie qui la sous-tend). Et, sous cet aspect, l'essentiel est le service au public.

UNE TELEVISION
BIEN
ADMINISTREE

Pour que la télévision à péage se situe bien dans l'ensemble du système canadien de radiodiffusion et pour qu'elle fournisse au public une information large, un divertissement qui lui convient et des éléments d'éducation adéquats, il faudrait, entre autres, respecter les cinq exigences suivantes:

- a) favoriser un contenu établi à partir non seulement des ressources canadiennes, mais aussi des ressources mondiales;
- b) connaître les besoins du public et y répondre, en évitant la discrimination; aider le public dans le choix de la programmation et évaluer avec lui les résultats;
- c) établir, au niveau des coûts, un système d'amortissement afin de prévenir l'établissement de monopoles;
- d) établir une taxe d'amusement qui serait versée à la production;
- e) confier la gérance à des gens d'expérience.

2. Commentaires sur les trois objectifs majeurs

- 1er objectif: a) fournir une gamme d'émissions qui ne soit pas une simple réplique de la programmation offerte par les radiodiffuseurs, b) sans toutefois détourner des émissions du système de radiodiffusion.

- a) La façon dont cet objectif est exposé constitue une simple approche littéraire; que fera la télévision à péage de masse de plus original que ce que fait la télévision actuelle? Dans quelles catégories nouvelles de contenu se situeraient ces émissions?

PLUS SEMBLABLE
QUE DIFFERENTE

Les expériences vécues des dernières années en télévision communautaire nous permettent d'affirmer que la télévision à péage de masse ne sera guère différente de la télévision conventionnelle, en termes de contenu. La production de la télévision à péage risque de devenir, elle aussi, un appendice de la production des radiodiffuseurs.

AUTRES BESOINS
A COMBLER

Ce premier objectif, tel qu'exprimé, répond peut-être davantage à un besoin ressenti au Canada anglais, puisqu'on y est largement envahi par la télévision américaine. Au Québec, il faudrait établir une législation et mener des consultations dans le secteur privé, pour implanter justement une télévision à péage qui permettrait de diffuser ce dont le public a véritablement besoin.

RAISON D'ETRE
D'UNE PROGRAMMATION
ORIGINALE...

L'originalité de la télévision à péage devrait être définie en fonction de sa raison d'être. Après l'avènement des media de masse, on vivra certainement celui des media individualisés, parce qu'on ressent de plus en plus, chez-nous, un souci croissant de particularisation de la culture de masse. Il est donc important de définir l'originalité de la télévision à péage en dehors des impératifs économiques.

... POSSIBLE AVEC
UNE TELEVISION
PLUS INDIVIDUALISEE

Une programmation originale veut sans doute apporter une réponse à des besoins qui apparaissent à mesure qu'il y a une évolution de la société dans un sens ou dans l'autre. La télévision commerciale ne peut pas répondre à l'ensemble des besoins nouveaux, à cause d'obligations de divers ordres. Il y a place actuellement pour un nouveau moyen technique par lequel on apporterait une réponse aux nouveaux besoins. La télévision à péage *de masse* ne pourrait pas jouer ce rôle qui convient essentiellement à la télévision à péage *individualisée*.

b) le danger de "transvasement" est inévitable, pour diverses raisons:

- la télévision à péage drainera des fonds qui seraient autrement consacrés à la production des radiodiffuseurs;
- la télévision à péage, en tant que nouveau réseau, fera concurrence aux autres réseaux existants. Par exemple, aux Etats-Unis, le Home Box Office aurait déposé à Moscou une demande pour obtenir les droits de diffusion des Jeux Olympiques de 1980, en offrant 2 millions de dollars de plus que les radiodiffuseurs.
- le mode de financement de la télévision à péage, assuré par le réinvestissement obligatoire des profits dans la production, va encourager les producteurs à créer davantage pour la télévision à péage que pour les radiodiffuseurs.

LA CONCURRENCE
JOUERA SELON LA
LOI DE L'OFFRE
ET DE LA DEMANDE...

... ET CAUSERA LA
FRAGMENTATION
DE L'AUDITOIRE

Il existe un autre danger, celui de la fragmentation des auditoires. Lui aussi sera inévitable. Un canal de plus va drainer automatiquement une partie de l'auditoire des autres canaux. Cela au détriment même de la qualité des productions des radiodiffuseurs, dont le financement dépend de la publicité.

2ème objectif: favoriser la production d'émissions canadiennes de haute qualité, susceptibles d'intéresser les Canadiens.

Ce deuxième objectif se retrouve à peu de chose près dans le mandat de Radio-Canada; il n'est donc pas, lui non plus, spécifique à la télévision à péage.

OBJECTIF: DES
VIDES A COMBLER

La télévision gouvernementale, fédérale ou provinciale, est actuellement une télévision d'élite. La masse, elle, capte surtout la télévision privée. L'objectif mentionné, comme les deux autres, voudrait-il palier aux échecs de la télévision d'Etat auprès du grand public? On a créé la télévision communautaire pour combler un vide; on a institué Radio-Québec pour en combler un autre; on a voulu relever le niveau de la radio MF pour combler le vide de la radio MA. Est-ce que maintenant on se tournerait vers la télévision à péage *de masse* pour combler le vide de la télévision conventionnelle?

PEUT-ETRE PAS
LE BON MOYEN

Avec la télévision à péage, le public devra payer en surcroît pour obtenir de la qualité. Qualité qu'il devrait obtenir normalement avec la télévision traditionnelle. Et même si le public paie directement pour obtenir de la qualité, il n'est pas certain que ce soit là une garantie de plus grande qualité.

La qualité de la production exigée par le consommateur de la télévision à péage ne sera pas, en moyenne, supérieure à la qualité qu'il exige actuellement de la télévision de masse. Son goût moyen, selon les sondages, ne va pas nécessairement dans le sens de la plus haute qualité. On arrivera aussi avec la télévision à péage à un dénominateur commun modeste.

LE PLUS EST-IL
GARANT DE LA
QUALITE?

De plus, la télévision à péage *de masse* n'est pas une nouvelle télévision. C'est du vidéo techniquement plus disponible. La dialectique qui consiste à faire accepter le développement massif de la technologie en le liant à une production accrue de meilleure qualité est gênante. Le concept de la télévision à péage doit plutôt être lié à une plus grande accessibilité du consommateur. Il est dangereux que le public se laisse prendre par la magie des mots. Il faut le répéter ici, la télévision à péage *de masse* ne sera pas spécifiquement différente de la télévision conventionnelle et de la télévision par câble.

Elle ne fera qu'ajouter à la quantité déjà considérable de productions télévisuelles et elle drainera des talents, déjà trop dispersés, au détriment même de la qualité.

UNE INTENTION
LOUABLE,
MAIS...

Même si les revenus d'un système de télévision à péage permettaient d'investir des argents encore disponibles dans la production télévisuelle, on peut demeurer sceptique devant cette intention louable d'obtenir ainsi une meilleure qualité, en constatant que le CRTC éprouve déjà de la difficulté à respecter ses engagements par rapport à la qualité des productions de la télévision par câble.

3ième objectif: assurer la production au Canada d'émissions destinées au marché international.

Cet objectif ne relève pas spécifiquement d'une nouvelle infrastructure qu'on appellerait la télévision à péage *de masse*.

C'est un objectif qui peut être aussi atteint par les media existants. Tant mieux si la télévision à péage contribue, elle aussi, à alimenter le marché international.

UN OBJECTIF
ECONOMIQUE

Cet objectif relève d'une préoccupation située avant tout au plan économique.

III - Commentaires sur la structure d'une agence de télévision à péage

UNE DISTINCTION ESSENTIELLE ET NECESSAIRE

Le système de télévision à péage conçu actuellement par l'industrie est basé sur la distinction entre les distributeurs techniques et les pourvoyeurs de contenu. Aussi, sent-on le besoin de réunir au niveau de la structure d'une agence de distribution la plus grande quantité d'énergie financière pour acheter des productions. C'est ainsi qu'au Canada anglais, le Pay-TV Network serait un organisme qui fournirait aux câblodistributeurs les productions qu'ils diffuseraient. Mais qui devrait distribuer la télévision à péage?

Elle ne peut pas être distribuée seulement par les radiodiffuseurs, parce qu'au point de vue technique il n'y aurait pas de contrôle possible pour les abonnements, ce système se prêtant trop facilement à la piraterie.

PAS LES RADIOIFFUSEURS, SEULS OU AVEC D'AUTRES

Elle ne peut pas non plus être distribuée par un consortium radiodiffuseurs-câblodistributeurs, parce que ce consortium, en pratique, serait irréalisable.

Trois hypothèses différentes de solution pourraient être envisagées:

LA DIFFUSION AUX CABLODIFFUSEURS

a) il serait logique que les câblodistributeurs diffusent la télévision à péage, surtout au Québec, puisque le pourcentage de la population qui a accès au câble est très élevé. Les câblodistributeurs ne produiraient pas, mais, par une réglementation adéquate, ils participeraient au financement de la production. Avec le mode de financement des productions assuré par un pourcentage des profits, il faudrait veiller à éliminer toute fausse représentation. Plus explicitement, il faudrait veiller à ce que la partie des revenus de la télévision à péage consacrée en principe à la production soit réellement investie dans la production et non pas dans n'importe quel autre organisme gouvernemental.

L'ETAT ET LE SECTEUR PRIVE

b) Par ailleurs, puisque le CRTC éprouve actuellement de sérieuses difficultés à régir l'industrie du câble au niveau des provinces, il serait préférable d'attribuer des licences à des réseaux

provinciaux mixtes, formés des câblodistributeurs et de l'Etat provincial. Ainsi l'Etat deviendrait partie prenante et dans le financement et dans la responsabilité du contenu.

LIVRER LA
TELEVISION A
PEAGE A LA
CONCURRENCE

c) Si l'on considère que les câblodistributeurs n'ont pas réussi à exercer une fonction sociale valable dans notre société, il vaudrait peut-être mieux confier la télévision à péage à d'autres groupes privés. La concurrence serait stimulante.

PREVOIR
A LONG TERME

Quelle que soit l'agence de distribution favorisée, celle-ci devra être située dans le cadre d'un plan global de développement de la radiodiffusion. En effet, il faut prévoir que la télévision à péage *de masse* se transformera éventuellement en télévision plus *individualisée*. La télévision à péage aura besoin d'être soutenue par une agence économiquement très forte. Cette agence aura à aller chercher du matériel ailleurs qu'au Canada et elle devra aussi investir dans le domaine du cinéma.

PARTICIPATION
DE L'ETAT

De plus, il importe de bien distinguer entre le producteur et le diffuseur, de favoriser une structure de type provincial, donc décentralisée, et d'amener l'Etat à investir dans la production avec le secteur privé.

AVEC UNE
VISEE
EDUCATIVE

L'agence de télévision à péage devra être établie dans une visée éducative de type populaire et devra veiller à assurer une production au niveau des communautés locales.

UN FREIN POUR
LES TARIFS

L'Etat devra aussi assujettir l'agence à des normes qui l'empêcheront d'augmenter impunément ses tarifs.

FAVORISER LA
CREATION LIBRE

L'Etat devra aussi favoriser dans le cadre de l'agence des conditions favorables de créativité dans le secteur privé.

IV - Le contenu diffusé par la télévision à péage

L'infrastructure de la télévision à péage étant établie, la question la plus importante demeure posée: qui devrait fournir le contenu de la télévision à péage?

DES ESTIMES
REALISTES

Faire de la production coûte très cher. Actuellement une production de qualité d'une durée d'une demi-heure peut parfois coûter quelques centaines de milliers de dollars. L'investissement dans la production devra donc venir non seulement de l'entreprise privée, mais aussi de l'Etat. Sur ce point, il faut être réaliste.

DEUX MODELES
D'AGENCE

En pratique, on pourrait simplement faire appel à un groupe autonome de production qui, tout en répondant aux objectifs de la télévision à péage, aurait le droit de recueillir des tarifs d'abonnement. Toutefois, on sait déjà qu'au Québec, selon des recherches, la diffusion hebdomadaire, par satellite, de deux productions majeures pourrait rapporter des profits de l'ordre de 50 millions. A partir de cette possibilité, deux modèles-types de producteurs méritent d'être étudiés:

- a) un super-producteur qui desservirait le quart des foyers de la province et qui serait régi par des règlements qui l'obligeraient à réinvestir dans la production. La garantie de qualité des productions de ce super-producteur serait assurée par les exigences du téléspectateur qui paiera directement. Ce super-producteur ne serait pas un câblodistributeur.
- b) une immense audio-vidéothèque provinciale qui permettrait au grand public de voir tout ce qui est produit en audio-visuel. Cette audio-vidéothèque serait régionalisée.

PREVOIR LE
DEVELOPPEMENT DE
NOUVELLES TECHNIQUES

En ce sens, en particulier au niveau du contenu, il importerait de porter une attention spéciale au développement de l'industrie du vidéo-disque qui se prête bien à une production de masse à la pièce et peut devenir très populaire. Aussi pourrait-on penser à un organisme provincial mixte, jouissant d'une

certaine indépendance, qui, tout en intégrant et en encourageant certaines énergies dans d'autres domaines, comme dans celui du cinéma par exemple, pourrait aussi s'engager dans le domaine du vidéo-disque. On éviterait ainsi d'être totalement à la remorque des compagnies américaines.

FAVORISER LA
PARTICIPATION
POPULAIRE

Quel que soit le pourvoyeur de contenu de la télévision à péage, il faudrait essayer de trouver de nouveaux modes de création à participation populaire. Il est vrai que, jusqu'à maintenant, les entreprises avec participation populaire n'ont pas obtenu beaucoup de succès, surtout lorsqu'elles supportent seules tout le poids du financement de l'entreprise. Mais si l'on veut obtenir des productions originales, il faudrait voir à assurer une participation active de ceux qui vont précisément profiter de la télévision à péage. Nous sommes de moins en moins maîtres de ce que nous recevons par les mass media. La participation du public doit s'exercer dans la culture véhiculée par la télévision.

V - La juridiction pour la télévision à péage

La télévision à péage devrait relever d'une juridiction provinciale, pour les raisons suivantes:

LA CONFIER
AUX
PROVINCES

- a) les provinces doivent avoir un droit de regard sur le réinvestissement des revenus de la télévision à péage dans la production, surtout pour la production française au Québec;
- b) la télévision à péage diffusera des films de long métrage. Le cinéma relève des provinces.
- c) la question de la "sécurité culturelle", qui n'est pas étrangère à la télévision à péage, relève des provinces;
- d) les provinces contestent actuellement la juridiction fédérale sur la câblodistribution.

VI - Vers la télévision à péage individualisée

SE PREOCCUPER
DAVANTAGE DU
PLUS IMPORTANT

De toute façon, il semble beaucoup plus important de faire porter les efforts de l'Etat sur l'implantation de la télévision à péage *individualisée*. Avec toutes ses possibilités, grâce à l'électronique, cette télévision mettrait à la portée des consommateurs, de façon instantanée, la production régionale, nationale et mondiale. Elle pourrait transformer la société de l'audio-visuel avec un impact semblable à celui de la découverte de l'imprimerie par rapport à l'écriture.

UNE REALITE
NOUVELLE

Idéalement parlant, cette forme de télévision, qui serait vraiment nouvelle, pourrait à long terme changer quelque chose dans notre système de radiodiffusion. Ne serait-ce que par son influence sur les radiodiffuseurs en les amenant, par exemple, à se soucier davantage des télé-services en direct. De plus, la télévision à péage bien organisée véhiculerait une culture plus large grâce aux nombreux documents qui ne peuvent entrer actuellement dans la programmation des radiodiffuseurs. A mesure qu'elle développera sa propre technique, cette télévision engendrera son propre langage et créera un nouveau mode de diffusion. Enfin, tant mieux si elle ressort du besoin d'élargir le champ d'expression de la télévision.

VI - En guise de conclusion

Intervention d'un participant
qui a résumé sous forme de qua-
tre propositions ce qui lui a
semblé prédominant.

- a) la télévision à péage *de masse* n'étant pas une question urgente par rapport au besoin des consommateurs, qu'on poursuive les études nécessaires à son implantation éventuelle;
- b) si elle devient une réalité, qu'on utilise le câble pour la distribution et qu'on établisse un réseau mixte pour la production;
- c) puisqu'on utiliserait le câble pour la distribution, qu'on favorise une juridiction provinciale décentralisée;
- d) qu'elle ne soit pas implantée au détriment du développement éventuel de la télévision à péage *individualisée*.

Office des Communications Sociales
4635 Ave DeLorimier
Montréal, Qué.
H2H 2B4

20 septembre 1976

Annexe - Liste des participants à la rencontre de consultation
sur la télévision à péage, organisée par l'Office
des communications sociales

1. Richard Avery, Secrétaire de Presse, Archevêché de Montréal
2. Bernard Benoit, Secrétaire général de l'Office de radio-télévision du Québec
3. Roger Blais, Officier national du Film et Association d'éducation du Québec
4. Antonin Boisvert, Vice-recteur aux communications, Université du Québec à Montréal
5. André Castonguay, Directeur, Office des communications sociales de Sherbrooke
6. Jean-Lucien Caron, Directeur, Service du développement des médias, Ministère des communications du Québec
7. Yvan Corbeil, Président, Centre de recherches sur l'opinion publique Inc., Montréal
8. Jean-Guy Dubuc, Éditeur, Columnialiste, La Presse, Montréal
9. Lucien Labelle, Directeur général, Office des communications sociales, Montréal
10. Jean-Paul Lafrance, Directeur du Département des communications, Université du Québec à Montréal
11. Paul Lemaire, Professeur, Institut des communications sociales, Université St-Paul, Ottawa
12. Réal Michaud, Directeur, Service général des moyens d'enseignement, Ministère de l'éducation du Québec
13. Jacques Paquette, Adjoint au directeur, Office des communications sociales, Montréal
14. Paul Sauriol, Journaliste, Montréal.

:

Jacques Paquette

pour publication

immédiate

Les objectifs de la télévision à péage, tels que proposés par le Conseil de la radiodiffusion et des télécommunications canadiennes, sont à réviser; ils ne sont pas spécifiques à ce mode de diffusion. Fournir une gamme d'émissions de haute qualité, destinée aussi à un marché international et qui ne soit pas une simple réplique de la programmation offerte par les diffuseurs actuels, peut devenir l'objectif de tout autre moyen de diffusion de masse.

Cette appréciation reflète la ligne générale de pensée qui s'est dégagée lors d'une rencontre de consultation organisée par l'Office des Communications Sociales le 16 août dernier, à laquelle ont participé 14 personnes du monde des communications. Le rapport de cette rencontre, complété aujourd'hui même, a été envoyé au Président du C.R.T.C. et rendu public en même temps.

En plus de l'analyse critique des objectifs proposés, le rapport fait état de diverses hypothèses de structures administratives, d'exigences pour le contenu en vue de répondre aux besoins véritables de la population, ainsi que de la juridiction de l'Etat provincial.

Enfin, on insiste sur la nécessité de faire porter davantage les efforts sur le développement de la télévision à péage individualisée, puisque la télévision à péage de masse, somme toute, ne serait guère plus, après la télévision par câble, qu'une simple extension de la télévision de masse conventionnelle.

Motion Picture Theatre Associations of Canada

175 BLOOR STREET EAST, TORONTO, ONTARIO M4W 1C8
PHONE 929-0865

September 13, 1976

Mr. Guy Lefebvre
Director-General of Licensing
Canadian Radio-Television Commission
100 Metcalfe Street
OTTAWA, Ontario.

COMMENT COIAMENTAIRE	Received by - Rece par SECRETARIAT
# 26	SEP 17 1976

Dear Sir:

The Commission has again asked for the filing of submissions in regard to Pay Television. Our Association regrets that Madame Sauvé chose to disregard the policy position set out by the Commission last December, deferring the introduction of Pay TV into Canada for at least five years.

Our Association appeared at the June, 1975 Public Hearing on this matter (we attach herewith a copy of the submission made at that time).

Our position has not changed since that time. We still oppose the introduction of Pay TV into Canada until such time as the Government has done sufficient research to ensure that it is in the best interests of this country.

We presume that the Government has chosen to ignore the position of motion picture theatre operators in this country, primarily because of the highly visible and admittedly significant position of the two largest companies, Famous Players and Odeon Theatres (Canada) Ltd., both of which are foreign controlled. However, those two companies represent significantly less than half of the motion picture theatres in this country and it is safe to presume that they will be the ones least affected by the introduction of Pay TV in Canada.

Since the time of the last hearing, one factor out of the many unknowns on Pay TV has been resolved. That is, that motion picture distributors are not looking to use Pay TV to replace theatres, but rather as a supplementary source of income to themselves before selling a film to free TV.

It appears to be the policy of the major suppliers of film to Pay TV that they will release a picture approximately eight to twelve months after the initial theatrical release.

It further appears that, based upon the American experience, the primary staple of Pay TV is motion pictures. Based upon these facts, we question the benefits to the Canadian public of having a Pay TV system introduced

- 1 -

contd...

Member
Organizations
MOTION PICTURE
THEATRE
ASSOCIATION OF
BRITISH COLUMBIA

MOTION PICTURE
THEATRE
ASSOCIATION
OF ALBERTA

SASKATCHEWAN
MOTION PICTURE
EXHIBITORS
ASSOCIATION

MOTION PICTURE
THEATRE
ASSOCIATION
OF MANITOBA

MOTION PICTURE
THEATRES
ASSOCIATION
OF ONTARIO

ASSOCIATION DES
PROPRIETAIRES DE
CINEMAS DU
QUEBEC INC.

ATLANTIC
MOTION PICTURE
EXHIBITORS
ASSOCIATION

Mr. Guy Lefebvre
Director-General of Licensing
Canadian Radio-Television Commission

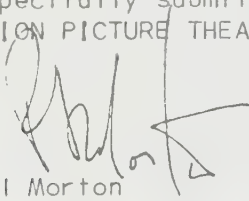
September 13, 1976

which will only create an additional expense to the Canadian public by having them pay for a product which they are now receiving over free TV with the only advantage that they will see it some six months earlier.

In conclusion, we again suggest it is not in the public interest to introduce Pay TV at this time, and ask the Commission to adhere to its previous policy statement of December 1975.

If, in the wisdom of the Government, there must be an introduction of Pay TV, then let it be done on a limited test basis so that all the ramifications of it may be considered before a widespread program is undertaken.

Respectfully submitted,
MOTION PICTURE THEATRE ASSOCIATION OF CANADA



Paul Morton
President

PGM/ed
encl.

Motion Picture Theatre Associations of Canada

175 BLOOR STREET EAST, TORONTO, ONTARIO M4W 1C8

PHONE 929-0865

Received by A. K. J.
SECRETARIA

SEP 17 1976

C.R.T.C.

364 Smith Street
P.O. Box 1053
WINNIPEG, Manitoba
R3C 2X4

Tel. No: (204) 943-2546

March 13, 1975

SUBMISSION TO CANADIAN RADIO AND TELEVISION COMMISSION
IN RESPECT TO THE COMMISSION'S POSITION PAPER ON PAY
TELEVISION SERVICE

The Motion Picture Theatre Associations of Canada, representing all Provincial theatre associations, which in turn represent over 90% of all theatres in this country, would like to comment on the position paper for pay television service, as requested by the Commission in your Public Notice 1975/15.

The Commission has acknowledged that there has been a decline in Motion Picture theatre attendance, which you state is down by two-thirds from that of twenty-five years ago. It is of consequence to note that the period of decline is coincident with the introduction of television into Canada, and it is also worthy of note, that in the past five years, the decline has stopped and attendances are again on the increase in all areas of the country.

Our Association was most distressed to see in Section 2 of the Commission's position paper that under the heading of "Major Concerns",

Member
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THEATRE
ASSOCIATION OF
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ATLANTIC
MOTION PICTURE
EXHIBITORS
ASSOCIATION

there was no recognition whatsoever of the potential effect on other industries and, more specifically, on what the effect might be to both urban areas and rural communities, if there was a further decline in theatre attendance, to an extent which would affect our viability as an industry and as a significant factor in the socio-economic life of our communities.

The Commission has also stated, "that in the initial stages of pay television, foreign produced material may be necessary for its success. This material might take the form of feature motion pictures.....". This is the same material that is necessary for the survival of motion picture theatres in Canada.

Our Association recognizes the problems of developing Canadian production for both motion picture theatres and television, be it free or of the pay variety. However, we totally reject the contention of the difficulty of Canadian producers to obtain exhibition opportunities in Canadian movie theatres. Members of our Association have consistently been prepared to exhibit any Canadian-made pictures which have even a borderline opportunity to be commercially viable. We contend that the films which do not get played are those that do not merit theatrical exhibition based on any reasonable criteria.

The Commission must recognize that it is not a function of the theatre operator to engage in the production process. The reasons why the exhibition branch of the industry has, by and large, not been involved in any significant amount of production, either in Canada or elsewhere, are threefold:

1. Over the twenty-five year period referred to by the Commission

since the advent of television, the industry has been struggling to survive. There have not been the financial resources available to participate in motion picture production. Figures on the profitability of the industry are available to the Commission.

2. The Motion Picture exhibition industry does not have the available talent within our organizations to fulfill a meaningful role in production. We regard this area as one which is best left to independent producers and packagers for whom this is their primary occupation, and livelihood.

3. If the resources and talent were available, we would suggest for theatres to produce their own pictures, and be in a position to totally exclude the independent producer of film because our needs are being met internally, would be so detrimental to the independent producer of feature length Canadian films, that it would be regarded as not being in the best interests of our country to have this situation exist.

We regard the Commission's implied criticism of the exhibition sector of the Motion Picture industry in Canada as most unfair. We consider our role as being equivalent to the retailer in normal commercial transactions. We have the obligation to bring the best products, i.e. films, to our communities from whatever source they are available, Canadian, American, or other foreign countries. We are not a regulated industry receiving special benefits, or exclusive licences from the Government, such as is television or radio. We submit that we have fulfilled our role in the marketing of motion pictures in the best interest of the public of Canada.

DETRIMENTAL EFFECTS WHICH COULD RESULT FROM INTRODUCTION OF
PAY T.V.

We do not believe that any sophisticated economic analysis is necessary to demonstrate to the Commission that if pay TV systems are authorized to exhibit the same movies upon which theatres must rely to sustain their operations, the Motion Picture theatre industry would be seriously, if not fatally, undermined. There is an extreme shortage of quality motion pictures, either Canadian or foreign, available now, and if those pictures and the revenues they generate must be shared with a pay TV system, our industries limited profits would evaporate entirely, with serious consequence to the communities that we serve.

There are numerous studies on present day urban life by economists, sociologists and urban planners which have recognized the positive and significant contribution made by motion picture theatres to the quality of life in our cities, which if lost, would result in a decline of the core-areas of those cities.

In rural areas, the motion picture theatre is one of the most significant factors in determining which communities are the trading centres for their area. They are a focal point and a valuable asset to those rural communities in which they still exist. We suggest that the commission must consider the position of urban centres, metropolitan areas, and rural communities, should motion picture theatres be eliminated from their midst by any licensing of pay T.V.

Firstly, the loss of tax revenues from motion picture theatres would put further pressures on both cities and provinces already financially strapped. Approximately \$20,000,000 is currently being paid by motion picture theatres by way of realty and amusement taxes.

Secondly, there would be a potential loss of employment of close to 16,000 people who are presently employed in the industry. There is no prospect whatsoever that more than a fraction of this number would be employed in pay TV. There would be an enormous net loss in employment attributable to the death of the motion picture industry.

The third and perhaps most significant effect of the decline of attendance to motion picture theatres would not be on the motion picture theatre at all, but on other business in the urban areas. Without the presence of motion picture theatres, our downtown areas would become ghost towns after dark. There would be virtually nothing to lure people into the core urban areas. And other businesses such as restaurants, stores, parking lots, etc. which depend to a substantial degree on the traffic attracted in the evening by the theatres would fail. The spectre of such "domino" effect, whereby the loss of theatres would lead to the loss of other downtown business, thus further squeezing the cities tax base, blighting core areas, and removing whatever reasons people now have for making use of the central city in the evening, should be a matter of paramount concern to the Commission.

CONCLUSION

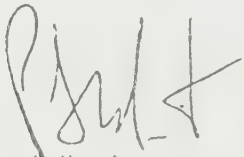
The Commission has stated as one of its primary objectives that it must ensure that pay TV does not undermine free television service, and we ask that the Commission also acknowledge a similar concern over the effect of its proposed pay TV regulations on motion picture theatres and the communities that they serve. Our proposition on the importance of the motion picture theatre on the economic and social life of the cities and towns of this country demonstrate, we believe, that these facts should, indeed must, be

considered in the formulation of pay TV regulations for the overall public interest.

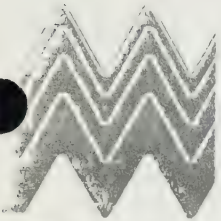
It is, from our viewpoint, apparent that there is no regulation which would permit pay TV to offer motion pictures in competition to theatrical exhibition which would not undermine either free television or motion picture theatres, to the benefit of the pay TV industry. One or more of these interests must yield. The Canadian Motion Picture Theatres Association submits that on balance the public interest would be best served if the burden of loss fell on pay TV, as it is not yet in existence, and its creation would be highly detrimental to Motion Picture theatres and Off-air TV stations operating in Canada.

Respectfully submitted.

Motion Picture Theatre Associations of Canada.

A handwritten signature in dark ink, appearing to read 'Paul Morton', with a stylized flourish at the end.

Paul Morton
President.



972-2/1
10/1

moffat communications limited CKY building polo park winnipeg canada R3G 0L7 (204) 775-0371 telex 07-57745

September 13, 1976

Mr. Guy Lefebvre
Director, Licensing Policy and
Administration Branch
Canadian Radio-television and
Telecommunications Commission
Berger Building, 100 Metcalfe Street
Ottawa, Ontario
K1A 0N2

Received by - Reçu par
SECRETARIAT
SEP 24 1976
C.R.T.C.

COMMENT COMMENTAIRE
27

Dear Mr. Lefebvre:

Re: Pay Television

The introduction of Pay TV may seem premature at a time when many off-air broadcasters are struggling economically to provide high quality television service to the viewers in their coverage areas and to extend service to new areas. However, introduction of such an additional program service is inevitable, and the establishment of the rules and regulations to govern Pay TV must be proceeded with immediately. This will 1) ensure the equality of entertainment opportunity across our Country, and 2) ensure that the right of Canadian viewers (particularly those who cannot obtain Pay TV for technical or economic reasons) to continue to receive high quality programs without paying a fee is not jeopardized by the introduction of this additional program service. We also recognize that Pay TV operators who do not hold a CRTC license are already active in certain major Canadian cities. Such operators and their customers should not be allowed to enjoy the additional program choice without accepting their responsibilities to make service available to all Canadians, and to contribute to the continued development of our own Canadian artists, writers, performers and producers. To achieve these objectives, Pay TV subscribers must pay more for the privilege of enjoying this additional program service than would otherwise be necessary, but we find no fault with this philosophy.

.... /2

Mr. Guy Lefebvre.... /2

September 13, 1976

Pay TV operators not licensed by the CRTC may well choose to broadcast editorials or commentaries on controversial or political matters and there will be no mechanism to ensure that equal opportunity will be granted for the expression of opposing views. If the Pay TV system is licensed by the CRTC, the public will have the opportunity to air grievances at public hearings. If controlled by a Provincial Government, or a provincially owned telephone company, as contemplated in Manitoba and Saskatchewan, the government in power could insert messages between Pay TV programs that would attempt to support their policies and opposition parties would have no opportunity for rebuttal. There has been no suggestion that the provinces propose to establish a body to duplicate the role of the CRTC to protect freedom of speech. Silence on how the public interest will be protected heightens our concern in this regard.

We also support the philosophy that the introduction of the pay television program service should not be permitted to disrupt the present broadcast system unless such disruption ensures the result will be that Canadian viewers will be able to watch better programming.

We reject the suggestion that government should be involved as an investor in this expensive entertainment vehicle. Government should be content with the establishment of objectives and a minimum number of regulations to make certain that the public interest is protected.

In our opinion, your Commission should grant the Pay TV licence to a single organization thereby creating a regulated monopoly situation. This will serve to minimize administrative costs. The Pay TV organization would be the exclusive purchaser of Pay TV programming material for Canada.

With this system, the cost of foreign product would be kept to a minimum (making more money available for the purchase of Canadian programs while still keeping subscriber rates to a minimum) and because program material will not be available to unlicensed competition that threat to the broadcast system would be removed.

We cannot recommend any basis of preventing duplication of broadcast of programs. Rules should be established to allow both Pay TV and off-air broadcasting to co-exist. Only if both are economically strong can the objectives established by the Hon. Madame Sauve be reached. The following paragraphs outline our recommendations concerning how the movie and sports enthusiasts could enjoy more of their favourite viewing without affecting the rights of other Canadians to view such programs in the customary manner.

.... /3

Mr. Guy Lefebvre...../3

September 13, 1976

1. PROGRAM CONSIDERATIONS

The Pay TV organization would negotiate the purchase of the exclusive right for broadcasting in Canada of all available feature film material. Certain of these films would be selected for distribution to Pay TV subscribers while other films would receive exposure only on off-air broadcast stations. As a condition of license, all off-air television stations would be required to purchase feature film from this Pay TV organization. The proceeds from the sale of feature films to off-air broadcasters would be placed in a separate fund and would be used to finance the purchase of Canadian production as explained in the following paragraphs. In establishing Pay Television subscriber rates, the full cost of acquiring the rights for both the Pay TV network and off-air television would be included as a cost. Thus, Pay TV subscribers would pay the entire cost of acquiring feature films for broadcast in Canada.

We also recommend that consideration be given to the desirability of CBC continuing to broadcast feature films. Films would be offered for sale to all off-air broadcast stations and networks who would bid against one another with the broadcaster willing to pay the highest price obtaining the product. Thus, while the cost of acquiring rights to broadcast foreign feature films would be kept to a minimum, competition among the off-air broadcasters would augment the amount available for Canadian production.

The Pay TV organization would own no production facilities, forcing it, therefore, to use the "hardware" that is presently available. Canadian programs, in both official languages, purchased by the Pay TV organization would be turned over to private and public off-air television networks one year after the program had been exposed on the Pay TV network. The Pay TV organization would negotiate all rates with the various unions to include the right to rebroadcast on off-air stations as explained. There would be no charge to the off-air broadcasters. Exposure on the widest possible basis would thus be guaranteed.

The Pay TV organization would acquire the rights for the broadcast of all Canadian sporting events in Canada. Other licensees, including the CBC, would be prevented by license conditions from bidding on such events. The CBC would be granted the right to broadcast one game per week per sporting event on an exclusive basis. The private stations would submit bids to the Pay TV organization to obtain rights on a similar basis. The Pay TV organization would pay all origination costs and the rights to the sporting enterprises for all games.

...../4

Mr. Guy Lefebvre...../4

September 13, 1976

The off-air broadcasting stations would be responsible for delivery costs. The cost of acquiring rights to sporting events would therefore be kept at a reasonable level. The Pay TV organization would broadcast all games its subscribers were willing to pay for, except that no game would be scheduled when either the CBC or the private stations telecast a game. The Pay TV organization would negotiate with television stations and independent producers to originate these games. By condition of license, the Pay TV organization would not be allowed to acquire production facilities. There is likely sufficient mobile equipment in Canada to pick up the necessary games, but if not, by forcing the Pay TV organization to buy from those presently engaged in production, other broadcasters will buy the necessary mobile equipment which can be used in their news and other programming endeavors. All playoff games would be broadcast on the Pay TV network excepting the finals which would be available to all Canadians in the conventional manner. The Pay TV network would not be allowed to acquire the right to broadcast foreign sporting events other than such items as prize fights and similar "one-shot" type sporting events.

To decentralize control of programming to a wider degree, the Pay TV organization should be headquartered in Western Canada. Thus, those living in Toronto could not claim that they are paying a share of the cost of a delivery system which they do not require. Rather than introducing a quantitative guarantee of exposure of Canadian programming, the general rule of thumb should be that for every dollar spent acquiring foreign product, a dollar would also be spent to acquire Canadian program material. All Canadian program material purchased would be guaranteed exposure on the Pay TV network and, as explained previously, would be made available to the off-air broadcast networks one year after it has been broadcast on the Pay TV network.

The off-air broadcasters are concerned with the possibility of syphoning of programming and resources. This can best be prevented by the off-air broadcaster being involved in ownership of the Pay TV organization. On the other hand, such ownership could tend to be a limiting factor that would retard the development of Pay TV. In order that the public interest is served, the Pay TV organization should be a public company and the public shareholders would appoint directors to represent their interest. There should be no prohibition against cable broadcasters acquiring shares in this new organization.

The Pay TV organization would develop programming of a cultural nature, particularly with respect to operas, symphony orchestras, ballet and the serious drama theatre. Other occasional specials could be produced for the Pay TV organization.

...../5

Mr. Guy Lefebvre...../5

September 13, 1976

In our Canadian production industry, the most essential missing ingredient is the calibre and number of Canadian writers for TV and for Film. If we are to achieve our goal "to create high quality Canadian dramatic programs that Canadians will watch and which can compete for international sales" this major weakness must be corrected. A portion of the revenue from the Pay TV industry in Canada should be directed to the establishment of a writers course - involving the highest credential professional writers, in particular from the United States and Great Britain, to teach our Canadian writers with potential, the profession from the electronic mass market appeal point of view - format, form, style. The content of our creativity would, of course, be directed to the objective of reflecting Canadian life, interests, ideals and culture.

2. AREAS TO BE SERVED

In the initial five-year license period, the Pay TV organization would commit itself to make the Pay TV program service available to residents of all communities presently served by cable. Because of the time zone differences, the French language programming would be made available across the country based on the Quebec time zone while English language programming would be made available on Eastern and Central time periods.

In the second five-year license period, the Pay TV organization would undertake to extend Pay TV service to all those living in communities with more than one thousand households.

The Pay TV organization would establish offices in each province and major city to handle the billing, marketing and maintenance functions.

In order to maximize the entertainment opportunity, the Pay TV organization should be licensed to operate a UHF transmitter broadcasting a scrambled signal in each of these communities. The Pay TV organization would own the transmitter and antenna and would make the best possible arrangements with respect to the tower which, in many instances, could be rented from the off-air broadcasters serving the area.

The Pay TV organization would purchase the descrambling device for each home and would include that cost in determining a subscriber rate. In order to improve reception in urban areas, the cable companies would carry this service. Pay TV subscribers would pay on a per occasion basis, that is they would be charged for each program they watched. All cable systems in an area would therefore carry the same Pay TV programs at the same time. The Pay TV programming would also be available to non-cable subscribers.

...../6

Mr. Guy Lefebvre...../6

September 13, 1976

We understand that TELSAT will not allow a customer to purchase the land receiving station necessary to pick up a signal from the satellite, thus the cost is much higher than it would be if the customer could purchase the receiving equipment to be located at the transmission site. Unless the product is delivered directly to the broadcast site, Pay TV customers will pay the enormous cost of microwave from the receiving station to the transmission point. If part of the Federal Government's objective of Pay TV is to help make TELSAT financially successful, this should be clearly stated and included as one of the objectives. Otherwise, investigations should be undertaken to determine if a suitable arrangement could be made with one of the owners of U.S. satellites.

3. FINANCIAL GUIDELINES

While the CRTC did not request comments on the financial implications of providing service, we feel compelled to recommend that applicants should be required to submit a ten-year projection with costs and revenues. Pay TV subscriber rates should be established to recover equipment costs and losses over a five-year period. It would not be practical for the CRTC to regulate rates under a per occasion charge system. If the per occasion basis of billing subscribers is rejected, then the Commission should approve monthly subscriber rates. Applicants should be required to file as part of their application, details of how the subscriber rate was determined. The CRTC should establish that the subscriber rates would be calculated over a five-year period. The Pay TV organization should be allowed to earn a net profit of 10% of gross revenue over the ten-year period.

When calling for applications, the CRTC must designate the communities to be served and the number of years to be included in the subscriber rate calculation or the hearing will be an economic competition and programming may well be relegated an unimportant position.

The subscription rate would be the same across the country. A movie that costs a Pay TV subscriber \$4 in Toronto would also cost a Pay TV subscriber \$4 in St. John's, Newfoundland and in Terrace, B.C. There would be total cost subsidization.

The estimating of the costs involved is extremely difficult and a massive study must be undertaken in order to arrive at the appropriate subscriber rates.

...../7

moftat communications limited

Mr. Guy Lefebvre...../7

September 13, 1976

When the financial study to determine subscription rates is completed, your Commission will have before it the total ten-year costs for the various classifications of expenditure. It will be interesting to examine these totals to find out how much has really been spent on production of Canadian programming, and how much on other classifications of expenditure, particularly such items as Provincial and Federal income tax, and the foreign purchase of equipment and program material. Likely, the amounts spent on development of Canadian programming will be small in comparison with the total revenue collected from Pay TV subscribers.

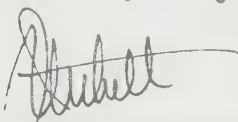
The Pay TV organization would not be allowed to sell commercials, but it would be allowed to air promotion spots advertising upcoming events and programs.

* * * *

In conclusion, we are pleased that Canada will establish the rules to govern this new entertainment media before it is introduced on a haphazard basis and people grow accustomed to a certain level of service and cost that will make expansion of the service difficult in the future. Our recommendations should help the broadcast industry achieve the objectives established by the Hon. Madame Sauve.

We will be pleased to answer any questions on our recommendations.

Yours very truly,



J. Ronald Mitchell
President

JRM/j

PTN

*Section
972-2/1.*

CDW:DD

September 27, 1976

Mr Guy Lefebvre
Secretary General
Canadian Radio-television and
Telecommunications Commission
100 Metcalfe Street
OTTAWA, ONTARIO K1A 0N2

COMMENT
COMMENTAIRE

28

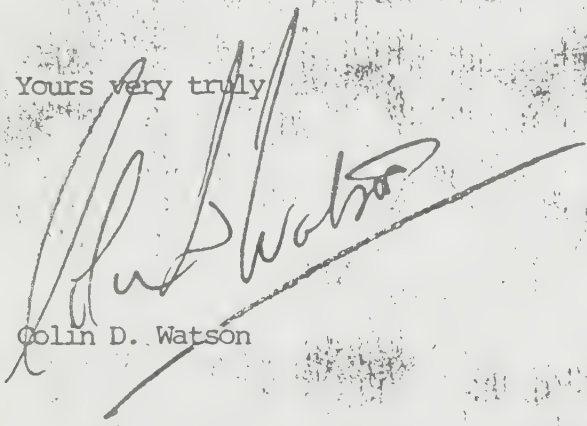
Dear Mr Lefebvre:

Attached is a report entitled "Structuring the Introduction and Development of Pay Television in Canada" prepared by PTN Pay Television Network Limited in response to the CRTC's June 30, 1976 request for submissions.

I will mail you five copies of a properly bound report some time towards the end of this week, however, I am forwarding this one to ensure that our submission is in your hands prior to October 1st.

Please let me know if the Commission will require more than five copies of the presentation.

Yours very truly


Colin D. Watson

Received by - Reçu par
SECRETARIAT

SEP 28 1976

C.R.T.C.

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STRUCTURING THE INTRODUCTION AND DEVELOPMENT

OF PAY TELEVISION IN CANADA

A PRESENTATION TO THE
CANADIAN RADIO-TELEVISION
AND TELECOMMUNICATIONS COMMISSION

BY

PTN PAY TELEVISION NETWORK LIMITED

October 1, 1976

STRUCTURING THE INTRODUCTION AND DEVELOPMENT
OF PAY TELEVISION IN CANADA

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTION	1
THE PAY TELEVISION POTENTIAL	I-1
Expanding Quality Program Production	I-1
Utilizing Canadian Creative Talents	I-5
INTRODUCING PAY TELEVISION	II-1
Creating One Pay Television Service	II-1
Establishing The Most Effective Delivery System	II-3
Starting With A Subscription Service	II-11
Providing Strong Marketing Support	II-12
THE NETWORK ORGANIZATION AND OWNERSHIP	III-1
Describing The Pay Television Organization	III-2
Outlining The Network Ownership	III-5
Setting Out The Financial Structure	III-8
APPENDICES	
PTN Subscribers	A-1
Consumer Research Report	B-1
Possible Impact of Audience Fragmentation	C-1
U.S. Programming Strategies	D-1
Program Funding Model	E-1
Delivery Economics	F-1

STRUCTURING THE INTRODUCTION AND DEVELOPMENT
OF PAY TELEVISION IN CANADA

INTRODUCTION

The structural issues basic to the introduction and development of pay television in Canada were outlined this year by the Honourable Jeanne Sauvé, Minister of Communications, at the annual meeting on June 2 of the Canadian Cable Television Association (CCTA). At the meeting, the Minister discussed the structure required for the introduction of pay television, and invited interested groups to submit briefs to the Canadian Radio-Television and Telecommunications Commission (CRTC) commenting on her statement and, where appropriate, to update the submissions on pay television made to the Commission last year. In her speech, the Minister stated that 'the fundamental consideration is to encourage development of a delivery system which provides new outlets for Canadian programs and wider viewer choice to the Canadian audience', and set out the three objectives that the structure must accomplish:

1. It must provide a range of programming that does not duplicate that now offered by broadcasters, and must do so without siphoning programs from the broadcasting system
2. It must ensure the production of high-quality Canadian programs that Canadians will watch
3. It must ensure that programs are produced in Canada for international sale.

In this brief, Pay Television Network (PTN) presents proposals on the structural development of a Canadian pay television service that we believe will lead most successfully to the realization of these important goals.

PTN was established to bring together cable companies, broadcasters, independent producers and other members of the program production community to discuss and plan the most effective approach to introducing pay television in Canada. Participation in PTN is open to everyone associated with program production and broadcasting, although the initial investors have been cable companies. The initial participants in PTN serve more than 80% of Canada's cable subscribers (for the current PTN ownership list, see Appendix A). While preparing this paper, PTN has held numerous discussions with program production personnel and broadcasters, and has participated actively in several conferences on pay television, to develop a full understanding of the positions of the different interested parties, and to ensure an in-depth review on our part of the key issues underlying the introduction of this new service.

In the course of these discussions, many people have asked what must be recognized as the central question - why should we have pay television now? Our answer is that Canadians increasingly will want it. And although all Canadians do not yet understand what pay television is, our consumer survey (see Appendix B for the results) shows that when people learn that pay television will offer recently released feature films, and uninterrupted programming, with the comfort and convenience of home television viewing, many immediately express interest in taking the service. Publicity on the growth of pay television in the United States will inevitably lead to demands for its introduction into Canada. And the promise of repeat programming and the potential for productions with selective audience appeal will reinforce the interest of consumers in subscribing to pay television.

Furthermore, if action is not taken now to develop a nationally coordinated service, with high-quality Canadian content, we run the risk of ending up with many independent systems that would fail to achieve the objectives now set forth for pay television. But if we can quickly work towards a single national network, pay television has the potential of achieving many valuable results.

One excellent opportunity pay television provides is to stimulate the production of high-quality Canadian programs. We estimate that over the next six years pay television could realize \$30 to \$50 million for investment in feature films and other high-quality Canadian productions. Moreover, the potential benefits of pay television are much broader than the funds that it can make available. Pay television will give new impetus to the independent production of Canadian feature films and other high-quality productions that help to build and express our Canadian culture. Increasing production of quality programs will correspondingly increase utilization and development of essential creative resources, such as producers, directors, writers, actors, performers and technical personnel. New films and other programs will become available for domestic distribution and sale in export markets. And, the establishment of pay television will provide a new Canadian-owned outlet for high-quality Canadian productions. We must recognize, however, that capturing the exciting opportunities for program production in this country depends on commercially successful productions and a much larger scale of activity than at present.

Pay television will expand viewing choices. In the short term, pay television provided on a subscription basis will expand viewer options for quality home entertainment by programming recently released feature films and other events not shown on conventional television. In the longer term, a pay-per-program approach will encourage the development of programming to selective audience groups. However, we believe for at least three reasons that a subscription service will continue for a long time to be the backbone of pay television in this country: this purchase method has so far been preferred by consumers; Canadian productions need to become better established before they can compete directly with imported productions; and, the pay-per-program technology is both expensive and somewhat uncertain at present.

In looking for the best possible delivery system for pay television, our primary emphasis has been to seek the system with the least possible hardware cost. Through a review of distribution options that include satellite and microwave transmission, and the 'bicycling' of tapes, and the exhibition options of cable and over-the-air broadcasting, we have concluded that in general a bicycle/cable delivery combination is the most efficient and therefore the most desirable system. While cable will be available to 70% of Canadian homes by the time pay television gets off the ground, in some communities, where cable will still be lacking, it may be necessary to provide an over-the-air exhibition service.

PTN believes that the unique combination of tasks that must be carried out to make a success of pay television will require the establishment of a new and self-sufficient network organization that draws skills from many sources. The new organization should bring together expertise in programming, film production, program delivery technology and marketing. Pay television must provide a fresh choice of programming and keep hardware costs to a minimum. It also presents a significant marketing challenge - the service must be marketed directly to the consumer on a monthly basis. The nature of the pay television business and experience in the United States indicates that consumers must be continually sold on the benefits of the service - in somewhat the same way as magazine readers are persuaded to renew their subscriptions. This will require the development and implementation of national marketing strategies. In addition, the network will provide promotional and sales support to cable exhibitors in the substantial marketing efforts that will be required at the local level to sign up and maintain monthly subscriptions.

PTN believes that cable companies should have a majority ownership position in the network. Without this position, we heighten the risk of damaging the relationships we have built with existing cable customers and losing the considerable capital investment required to introduce pay television. The remaining ownership will be open to all parties with an interest in pay television. We will ensure that non-cable members make up at least one-third of our board of directors, bringing to it expertise in program production and broad cultural interests.

The network will receive 45% of gross revenues, of which 15% will be dedicated to investment in and purchase of Canadian programming, 25% will be available for the purchase of foreign feature films, and 5% will be directed towards running the network. Funds derived from the sale of programming to non-network exhibitors, primarily in foreign markets, will further expand the 15% Canadian programming base. Only profits on successful productions will be available to the network, and no part of these profits will be paid out to shareholders until the network has a proven record of success.

PTN will be responsive to linguistic and regional requirements. We will establish a single national organization with English and French-language capabilities. This organization will carry out responsibilities for national programming and program production investments. In addition, a Quebec-based agency will be responsible for regional Quebec programming.

PTN endorses the principle of close integration for pay television into a national framework of broadcasting policies and controls. Without such integration, direction and balance in the broadcasting system will be difficult to maintain, and efficiencies in the delivery of the pay television service impossible to achieve.

PTN is sensitive to the concerns that exist over the possible impact of pay television on the existing broadcasters. The Minister in her address to the CCTA convention discussed the problems both of siphoning - draining existing programs from conventional television to pay television - and of fragmentation - splitting away audiences and revenues now drawn by the Canadian broadcasters.

PTN supports specific program regulations both to protect the broadcaster from siphoning and to ensure that pay television develops as a new service with a distinct and separate programming thrust. By providing a new impetus to and outlet for high-quality Canadian productions, pay television can relieve some pressures on the broadcasters to meet singlehandedly the requirements for high-quality and costly Canadian production.

The issue of fragmentation is more difficult because its potential effects are not clear. The United States experience is still incomplete, and in Canada, broadcaster revenues may not suffer if advertising markets remain sold out and rates continue to increase. In our view, the potential benefits outweigh any possible losses, as three cable companies indicated in a submission to the CRTC last year (see Appendix C). Moreover, the expansion of viewer choice should be seen as positive in itself.

In writing this brief, we have responded to the opportunity to present our ideas on the issues surrounding pay television with a sense of urgency. Study and discussion of pay television encouraged by the CRTC over the past five years have developed more informed positions among the participants and strong commitments to its introduction. Canadian viewers and those associated with Canadian program production will benefit substantially. Delay in introducing pay television in Canada would permit this rapidly growing element of the North American broadcast sector to develop without Canadian influence during its formative stages, and fail to capture its potential for stimulating an immediate increase in program production in this country. We believe that the time to get on with the challenge of pay television is now, and this document presents the plan by which we are prepared to proceed.

CHAPTER I

THE PAY TELEVISION POTENTIAL

Pay television is a new service that provides viewers with high-quality programs of lasting appeal. It responds to both wide and selective audience interests, and presents viewers with new program choices and producers with new program outlets. Pay television is not a replacement for conventional television, nor is it a competitor. Its potential is reviewed in sections below that discuss:

- ▶ Expanding quality program production
- ▶ Utilizing creative resources.

EXPANDING QUALITY PROGRAM PRODUCTION

The production and exhibition of high-quality programs are most crucial to the strengthening of our cultural bonds, yet this type of programming is the most underdeveloped in Canada. By 'high-quality' we mean programs that depend heavily on the creative and artistic talents of writers, producers, directors, actors and technical production personnel, such as feature films or television dramas.

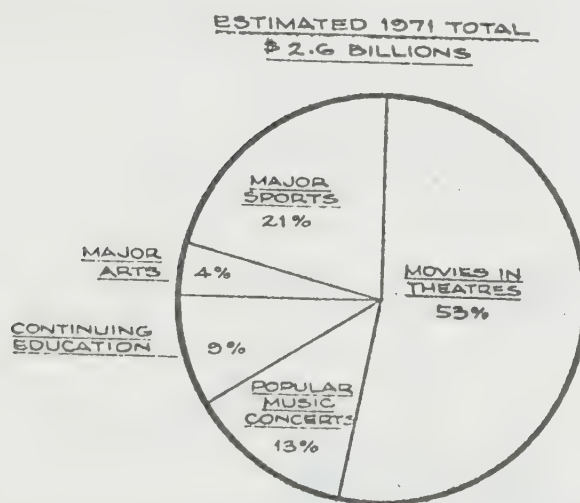
In recent years, conventional broadcasters have expanded their production of television dramas and other high-quality productions. PTN welcomes this development, and hopes that broadcasters' efforts to expand quality production will continue to grow.

Our position is that pay television is a necessary and complementary partner to the conventional broadcasters in advancing and strengthening the production of high-quality programs. Pay television will stimulate the production of programs that are not the prime interest of broadcasters, such as feature films. Drawing revenues from new sources, it will directly infuse new funds into the program production industry. In short, we believe that achieving a necessary level of high-quality production requires combined and intensified efforts from several sectors, and that pay television represents a significant opportunity to diversify participation and raise the present level of commitment.

Our investigations have convinced us that the major programming emphasis of pay television should be feature films.

- ▶ While the two most successful programming strategies in the United States differ (see Appendix D), the common lesson is that viewers want popular feature films, and this lesson will also have to be applied in Canada
- ▶ A consumer survey commissioned by PTN shows that movie preference would appear to be strong in Canada as well, and that pay television penetration is strongly dependent on the number of movies offered (see Appendix B)
- ▶ An emphasis on movies is consistent with consumer entertainment habits. As shown in the chart below, a substantial part of away-from-home entertainment expenditures in the U.S. is devoted to movies. With less emphasis on major sports in Canada, we are likely to exceed their movie proportion of entertainment expenditures.

U.S. SPENDING ON
AWAY FROM HOME ENTERTAINMENT

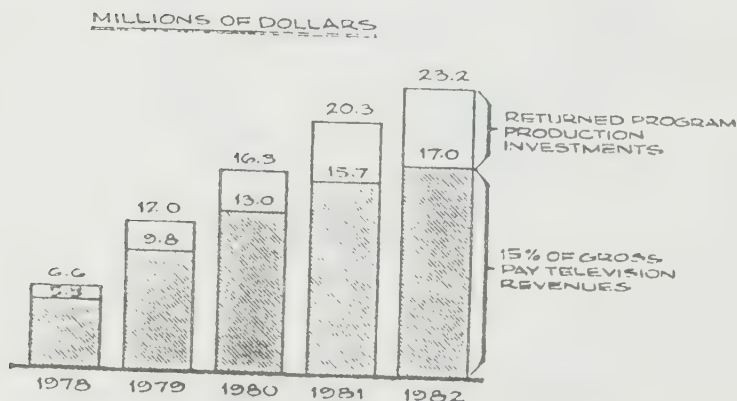


SOURCE - ANALYSIS OF CONSUMER DEMAND FOR PAY TELEVISION
STANFORD RESEARCH INSTITUTE, MAY 1973

To get off the ground, pay television will rely in an important way on imported feature films. But we believe that Canadian productions will play an increasingly stronger role in the overall program offering of pay television.

- ▶ PTN's program funding model, set out in Appendix E, indicates that the network could invest about \$46 million in 54 films over the next six years, constituting approximately 60% of total expenditures on Canadian pay television programming over that time
- ▶ The network's investment in films is estimated to grow to more than \$13 million annually by 1982 - a sizeable addition to the \$10 to \$15 million we estimate is currently invested in high-quality Canadian features each year
- ▶ A further \$10 million is expected to be spent over the next six years on purchasing the pay television rights to other Canadian films
- ▶ About \$22 million would be spent on developing screenplays and purchasing other types of Canadian programming
- ▶ And, over time, Canadian programming funds should increase beyond a contribution of 15% of gross revenues annually as earlier investment monies are returned to the fund by successful production. This process is illustrated in the program funding model shown in Appendix E, and summarized in the chart below. The returned investments would be available for Canadian programs, allowing the number of Canadian productions to expand, and diminishing the network's dependence on foreign films.

PROJECTED FUNDS AVAILABLE FOR CANADIAN PROGRAMMING



The additional value of Canadian productions for pay television is their attractiveness to other viewer markets.

- ▶ Unlike conventional television productions, feature films produced for pay television can be sold in three separate markets that each contribute revenue to the cost of the program: movie theatres, pay television network and conventional television
- ▶ Feature films and other pay television productions would be sold not just in the domestic market, but would also be exported right from the start. Canada has already begun to export feature films successfully. With the added funding from pay television, there is every reason to believe that revenues from the export of Canadian programs will grow substantially.

As well as providing feature films, Canadian productions for pay television can respond to more specialized viewer interests.

- ▶ Pay television can deliver high-cost programs to smaller audiences than conventional broadcasters. Thus high-quality products with lasting appeal that are of interest to select audience groups can be successful on pay television
- ▶ The network would sponsor the filming of live theatrical performances that could be readily adapted to use on pay television, for example, the well-known productions at Stratford and Niagara-on-the-Lake or Charlottetown. In addition, it would purchase the pay television rights to workshop theatre productions across the country for viewing on the network
- ▶ The network would also seek out other types of live events not carried by broadcasters that would appeal to Canadian audiences, such as cultural productions, sporting events or the live performances of Canadian entertainers.

Finally, PTN would actively seek ways to co-produce programs and expand the revenues of broadcasters. For example:

- ▶ The network would encourage co-productions with broadcasters on programs that could benefit from exhibition on both the pay television and conventional broadcast networks, such as movies for first release on pay television and eventual viewing on conventional television
- ▶ It would also make available all Canadian productions for display on the conventional broadcast system
- ▶ And, the network would support the use of the existing facilities of broadcasters where appropriate.

UTILIZING CANADIAN CREATIVE TALENTS

Pay television provides a natural opportunity to capture the skills and talents of the Canadian independent program production industry. To this point, independent producers have had only limited access to network outlets for their programs.

- ▶ Television stations require studios for their basic services, and the larger stations have added facilities for producing high-quality productions. The result is that there is a real incentive for the networks to produce in house, and independent producers have been virtually shut out of producing for conventional television
- ▶ Canadian motion picture theatres have in the past been unresponsive to Canadian productions, but this is beginning to change with the recent exhibition and investment commitments of Famous Players and Odeon Theatres to Canadian films.

Independent producers are the key to the success of pay television, and represent the basic building block for a strengthened program production industry in Canada.

- ▶ Independent producers already have a proven record of creative and successful productions, and several have produced to meet the common requirements of domestic and export markets for the same show
- ▶ They also present the best chance to ensure a flow of new program ideas to pay television because of their diversity and independence.

PTN is firmly committed to developing Canadian pay television by utilizing the existing program production industry.

- ▶ The network will be an investor, and will not develop an in-house production organization with personnel and facilities
- ▶ The network would invest funds in programs produced by independent producers and broadcasters
- ▶ And, the network would purchase quality programs from any Canadian program source, whether or not it invested in the product for showing on pay television.

In creating a new demand for high-quality program production, pay television will require increased support from actors and writers. Right now, Canada has a substantial pool of good actors, but few home-based 'stars' have mass audience appeal.

- ▶ Performers of star quality have often left Canada to capitalize on their talent (Lorne Greene, William Shatner, Donald Sutherland, Christopher Plummer, Genevieve Bujold, to name just a few)

- ▶ Several outstanding performers have remained in Canada, but they will need much more exposure before they become major box office attractions
- ▶ Supporting promotional items (magazines, talk shows, etc.) are barely produced in Canada, leaving Canadians wide open to Hollywood's enormous influence.

And we understand that the great majority of Canadian writers do not have sufficient work to develop the necessary skills for screenplay writing.

- ▶ Although some 1,100 writers are registered with ACTRA, we have been told that 'fewer than 10 can be considered good screenplay writers' in our discussions with production personnel
- ▶ The general belief is that all Canadian screenplays worthy of production now get produced, indicating that scripts would be a bottleneck to expansion of the film industry
- ▶ While a Canadian film does not have to use a Canadian screenplay, for obvious cultural reasons Canada must have a good supply of home-written material if we are to develop a truly independent film industry.

The Canadian Film Development Corporation (CFDC) has recognized this problem, and initiated a scriptwriting program providing an average of about \$5,500 for the development of 27 story ideas. However, additional funding may still be necessary.

- ▶ While the CBC commonly pays only \$3-8,000 for a one-hour script, a good movie screenplay should cost \$25-30,000, as it will take a talented writer close to a year to perfect.

In securing Canadian films and programs for showing on pay television, the network would address itself fully to these problems.

- ▶ For the writers, the network would immediately introduce a screenplay assistance program to encourage the creation of scripts and the development of writers
 - An annual allocation of \$200,000 is proposed to develop at least 8 screenplays by proven Canadian writers. The network would also fund other writers with promise who have attractive program ideas
- ▶ For the actors, the network would make every effort to develop a star image for Canadian performers
 - One possible vehicle would be a Canadian television and movie magazine published in conjunction with the network program guides. The aim in publishing the magazine would be to generate high consumer interest in Canadian personalities - through quality photography and behind-the-scenes reporting on careers and lifestyles.

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PTN believes that pay television can contribute in a substantial way to expanding the production of high-quality programs in Canada. Our proposed programming approach should help to strengthen the feature film industry and support the production of programs that appeal to selective audience interests. But the ability of pay television to achieve these programming objectives depends on its efficient introduction. Proposals that meet this requirement are presented in the next chapter.

CHAPTER II

INTRODUCING PAY TELEVISION

While the future direction of pay television involves some uncertainty, the basic strategy for its introduction can be defined and its structure set in place in such a way that a high degree of initial success is possible, and lessons learned in the launching can be applied to its operations. The basic components of such a strategy and structure include:

- ▶ Creating a single pay television service that is both linguistically and regionally responsive
- ▶ Providing the most effective delivery system
- ▶ Starting with a single-channel subscription service
- ▶ Supporting the service with strong marketing activity.

Each of these components is discussed in this chapter.

CREATING ONE PAY TELEVISION SERVICE

The efficient development of pay television in Canada depends on the creation of one overall pay television network to set the strategic direction for the service and pursue cost-effective operational approaches.

A single overall service is needed for several basic reasons:

- ▶ The funds generated by a single pay television service have the potential to support the production of high-quality programs in both English and French. Separate regional funding or dispersion of the funds to individual systems would undermine the ability of the network to work towards the necessary level of program production
- ▶ The most effective arrangements for the purchase of imported feature films from the United States, France, the United Kingdom and other countries will be achieved by a central buying group
- ▶ Securing the necessary skills and expertise will be a challenge for one network, and establishing several networking agencies could lead to expensive duplication and waste.

An overall network organization would be established to develop national strategies and deal with operational matters affecting the pay television service. It would have the responsibility for providing programs of national interest in both English and French, and for providing the regional marketing support.

- ▶ The network organization would distribute a monthly core package of programming of national interest to all exhibitors
- ▶ The full portfolio of productions purchased would be available to all exhibitors in the network, dubbed into French or English as needed to meet exhibitor requirements
- ▶ Canadian programming funds would be allocated to the purchase of or investment in original English and French-language productions.

In addition to establishing this national English-French capacity, the pay television network would provide for responsiveness to varying regional interests. As well as distributing the core package, PTN proposes to provide for decisions at the regional level on program alternatives and on the exercise of local programming options.

In Quebec, an organization would be established to initially provide programs for a supplementary cable channel service. As the national pay television service develops, this organization would contribute programs of a regional interest to the national programming package offered by the pay television network.

ESTABLISHING THE MOST EFFECTIVE DELIVERY SYSTEM

PTN believes that the best means of delivering pay television programs to Canadian households is by:

- ▶ Distributing video tapes to exhibitors in communities across the country by the 'bicycle' method, rather than using a direct satellite feed
- ▶ Exhibiting the programs primarily via cable transmission, with over-the-air transmission being used in remote areas where economically feasible.

In proposing this delivery system, our greatest concern has been to minimize the hardware and operating costs, to allow the greatest flow of funds for programming. This choice also meets other criteria, as we explain in this section . . .

1. Distribution by bicycled tapes

In carrying out its distribution function, the network can choose between alternatives that include:

- ▶ **Bicycling tapes:** High-quality reproductions of the program would be delivered to exhibitors manually, either through the mail or by a messenger service. Each exhibitor would play a given tape several times over for one full month before returning it to the network or sending it on to another exhibitor as instructed
- ▶ **Satellite transmission:** The programs would be delivered electronically to earth stations built for every geographically independent exhibitor. At least two satellite transponders would be required to allow for the range of time zones across the country
- ▶ **Microwave transmission:** A new microwave network would be established to transmit programs electronically to all geographically independent exhibitors.

While each alternative has a significant effect on the type of network that develops, our primary reason for selecting the bicycling approach is its overall economic advantage.

- ▶ **Bicycling tapes is the lowest-cost alternative.** With this system, it is economically feasible to distribute tapes to a large network of cable operators, although the variable costs of this type of distribution require the larger exhibitors to underwrite the costs of reaching the smaller centres. And, bicycling can provide for an important measure of local interest programming because it allows for flexibility in scheduling

- Total annual operating and equipment costs are estimated to be \$1,093,800 (see Appendix F for details)

- The top 120 cable operators (those with over 3,000 subscribers) could reach 90% of all cable subscribers with annual video tape costs of about 11¢ per subscriber. The marginal cost of adding another 120 operators (those with 1,000-3,000 subscribers) to reach another 8% of all cable subscribers is high - annual video tape costs for this group are \$1.57 per subscriber. But with the larger systems underwriting the smaller ones, the combined tape costs for all 240 operators are 23¢ per subscriber
- While the fixed-cost nature of the satellite alternative allows wide national coverage, the magnitude of its costs puts satellite distribution out of reach at this time. It would, however, offer the advantage of exhibiting real-time events to any part of the country (an essential aspect of sports programming). But with this approach, the programming schedule must be more rigidly set by the network, with local inputs being accommodated through open time slots
- The operating and equipment costs of satellite distribution alone are almost double those for bicycling - \$2,033,000 per year. And the satellite alternative is placed at a further disadvantage when the costs of constructing exhibitor earth stations are included
- Microwave distribution on a national basis presents prohibitive costs due to the vast area that must be covered and the need to construct new facilities exclusively for pay television in much of the country. However, on a regional basis, where existing facilities can be used, some microwave distribution could be practical in conjunction with the national bicycling system.

2. Exhibition primarily by cable

We believe that the delivery system for pay television should use cable as the basic method of exhibition, with provision for over-the-air exhibition where cable cannot provide the service economically. As with our selection of a distribution system, our primary consideration has been the hardware and operating costs, but several other critical factors also point to the advantages of cable exhibition:

► Cable exhibition is ideally suited to the likely future evolution of pay television

- Cable is not constrained by the availability of over-the-air frequencies. While present coaxial cable systems do not have unlimited channel capacity, many have the ability to carry a number of new channels
- Future cable systems - possibly using fibre optic technology - will have substantially greater channel capacity, allowing the introduction of almost any number of pay television channels
- Also, the development of pay television towards a pay-per-program, multi-channel service that meets the tastes and interests of small groups will eventually require a system in which the viewer can interact with the exhibitor - a two-way system. This will be practicable only on a cable-based system.

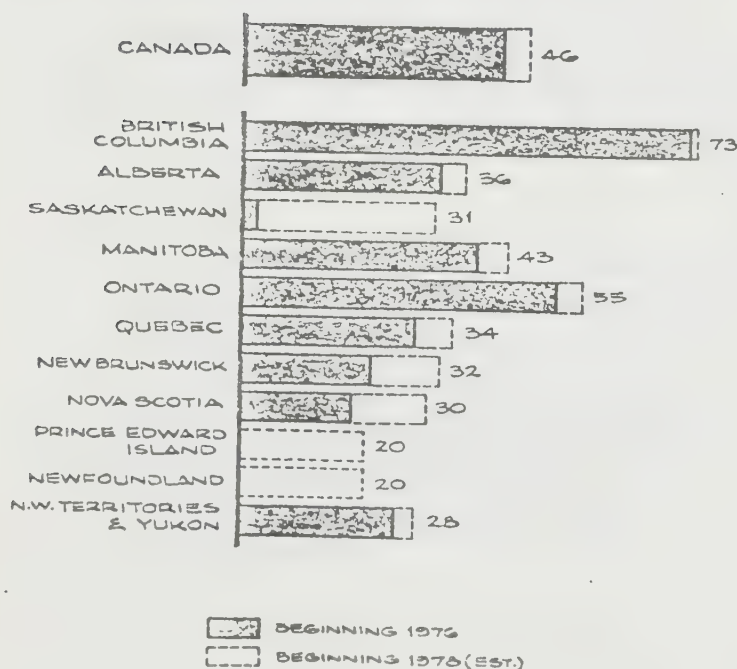
► Cable exhibition provides the sales and service economies that make possible the rapid introduction of pay television at the lowest possible cost

- Cable companies have an in-place field organization that can perform the essential functions of direct sales, installation and servicing of related cable equipment, including terminal devices, and ongoing billing and customer service
- Our consumer survey (Appendix B) reveals that cable customers want to deal with a single television-related field organization. Consumers are accustomed to cable companies making service calls whether the fault is in the cable system or the television set. The addition of a new field service organization would create consumer confusion and additional costs, and could affect consumers' overall confidence in the pay television service
- And, cable companies can expand the field capabilities necessary for pay television with only marginal cost increases, whereas a pay television network operating a separate field organization would have major diseconomies in the fixed costs that it would have to assume

► Cable systems have extremely wide coverage in Canada

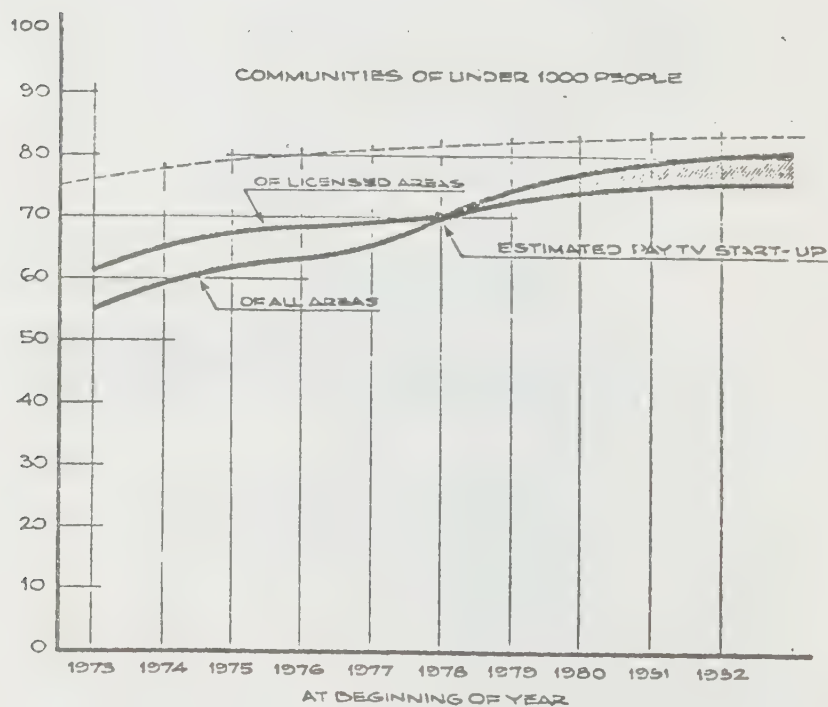
- At the beginning of this year, cable passed 66% of all households in Canada, and was used by 42% of all households
- By the beginning of 1978, when pay television could start, it is expected that all major communities in Canada, with the exception of Windsor, will be cabled. (Cable licences have already been granted in several cities in the three provinces without cable until this year - Saskatchewan, Prince Edward Island and Newfoundland.) Cable should then pass 70% of all Canadian households, and be used in 46% of all Canadian households

PERCENT CABLE PENETRATION
OF CANADIAN HOUSEHOLDS



- And, five years after the introduction of pay television, we expect cable to be in the majority of Canadian homes. By then, cable should pass 75% to 80% of all Canadian homes (Windsor is expected to continue to be without cable in the early 1980s), and be used in 55% to 60% of all Canadian households

PERCENT OF CANADIAN HOUSEHOLDS
PASSED BY CABLE



► Cable exhibition is the most economic means of providing a pay television service to most of Canada. Cable delivery leaves a greater portion of the gross revenue for programming

- In an average cabled community, an over-the-air system could theoretically deliver one-third more subscribers, but this potential advantage would effectively be eliminated by higher hardware costs that would have to be passed on in higher subscriber charges

ESTIMATED DELIVERY HARDWARE COST

	Cable	Over-the-Air
<u>Small Community</u>		
- Headend or transmitter	\$10,000	\$100,000
- Household security device	\$10	\$150
<u>Large Community</u>		
- Headend or transmitter	\$23,000	\$400,000
- Household security device	\$55	\$150

- While we recognize that some of the communities without cable should perhaps be served by over-the-air exhibition, we caution against making maximum coverage a primary criterion at this time. Biting off too much right away at the distribution end could dilute the Canadian program production potential and undermine the real benefits of pay television in Canada.

STARTING WITH A SUBSCRIPTION SERVICE

PTN believes that pay television should be introduced into Canada as a subscription service on a single channel. However, the most likely evolution of pay television towards a service providing a wide choice of programming would demand a pay-per-program approach on one or more additional channels.

- ▶ Pay television will infuse new funds into Canadian program production, and should within two to three years begin to yield programs that can hold their own in competition for Canadian pay television audiences. However, it would be unrealistic to demand this degree of success for Canadian production immediately, and ask that it be financed solely by audience preference
- ▶ The available product would not appear sufficient to support more than one channel at this time
- ▶ Finally, per-program hardware is more expensive, costing at least \$125 per pay subscriber, vs. \$55 for subscription hardware, and would reduce the funds that could be available for Canadian program production.

While the initial entertainment channel is likely to continue on a subscription basis as the mainstay of pay television, several factors point towards a pay-per-program, multi-channel service as a future development:

- ▶ Pay television in its ultimate form closely approximates a market system in which the consumer can make a selection based on price and demand over a range of products

► Pay television provides the opportunity for the delivery of products that are not well suited to a mass-appeal, advertiser-supported system

- Programs catering to the tastes of small viewer groups that would be unprofitable under the 3¢ to 6¢ per-viewer-hour advertiser system, e.g., opera, bird watching - in fact, any hobby or educational pursuit

- Programs that require a wide audience and high viewer price, e.g., prize fights.

PROVIDING STRONG MARKETING SUPPORT

The nature of the business and the experience in the U.S. have indicated that the successful development of pay television depends heavily on the way in which it is marketed and promoted.

► Pay television is not like other services in the broadcasting system. Unlike conventional broadcasting, viewed by consumers as an essentially 'free' service, pay television requires direct and relatively frequent consumer purchase decisions

► Just as in the magazine business, pay television subscribers often opt out when they believe they are not getting their money's worth (the 'churn' in the U.S. can reach as high as 50% per annum, and averages 25% for Home Box Office affiliates).

As a result, pay television requires a new kind of marketing approach that involves strong network leadership and inputs. The network should provide exhibitors in both English and French-speaking areas of the country with substantial assistance in selling and reselling the service by:

► Supplying marketing materials, such as:

- Formats for program guides
- Movie description sheets, mats
- Preview reels of upcoming attractions
- Nationally coordinated advertising and public relations campaigns

► Assigning to the network staff the direct responsibilities for:

- Helping to develop sales and advertising campaigns - budgets, timing, activities
- Advising on plans to expand and retain subscribers - long-term billing discounts, introductory charges, minimum payment periods
- Developing training programs for field sales personnel.

An annual budget equivalent to \$.25 per cable subscriber is estimated to be sufficient to successfully administer the national marketing effort. This would total \$800,000 in year 1, growing to \$1.1 million in year 5, with our projection of growth in cable penetration (see Appendix E).

The network should also sponsor market research and help the exhibitors to introduce the results into their market plans, since little is now known about pay television viewers.

► The network can provide substantial marketing assistance to the exhibitors by:

- Positioning pay television among the range of viewer entertainment options
- Determining viewer attitudes towards type, frequency, and scheduling of programs
- Measuring show ratings among demographic groups
- Determining program preferences of non-subscribers
- Analyzing reasons why viewers buy and discontinue the pay television service.

* * * * *

This chapter has described our proposed approach to the successful introduction of pay television. This will require: establishing a single national network; delivering programs by bicycling video tapes to cable exhibitors; operating a one-channel subscription service; and, providing strong central marketing support.

The next chapter addresses the question of the organization needed to carry out this approach.

CHAPTER III

THE NETWORK ORGANIZATION AND OWNERSHIP

Pay television is a new and separate component of the broadcasting system, and all the skills and experience needed to make the service a success do not reside with any one member of the present system. PTN believes, therefore, that pay television requires the skills and support of both the independent production community and the existing members of the broadcasting system.

- ▶ The programming function for a pay service is unique, and neither broadcasters nor cable operators nor independent producers have all of the experience in programming necessary to ensure regular subscriber renewal
- ▶ Distribution by bicycled tapes will require new skills in distribution planning and quality control that are not needed in the broadcasting system today
- ▶ Independent film producers provide a base for high-quality production in Canada, but even this area will require further development to meet the needs of pay television
- ▶ Cable companies will have to adapt their marketing skills to the needs of the new pay television service: advertising campaigns, timely promotional materials and continuous subscription renewal efforts.

This chapter presents PTN's position on the necessary organization for a successful pay television network by:

- ▶ Describing the pay television organization
- ▶ Outlining the network ownership
- ▶ Setting out the financial structure.

DESCRIBING THE PAY TELEVISION ORGANIZATION

The pay television service would be made up of three separate but interdependent types of organization: the network, program sources and exhibitors.

1. The pay television network's functions would include:

- ▶ Developing and implementing the programming strategy: purchasing domestic and foreign products; investing in Canadian productions; programming the monthly core program package and establishing the basic network schedule; helping to secure export markets for domestic production
- ▶ Marketing the pay television service: providing sales support to exhibitors; conducting audience research; developing marketing plans and advertising to create a national identity for the service
- ▶ Maintaining an efficient distribution system: setting network technical standards for exhibition equipment; processing programs for bicycle distribution; distributing programs to exhibitors
- ▶ Administering the service: managing the flow of funds from exhibitors to program producers; assisting independent producers with the financial management of investment properties.

2. Programming would be drawn from sources independent of the pay television network to allow the network's programmers flexibility to tap a variety of products and program producers, for example:

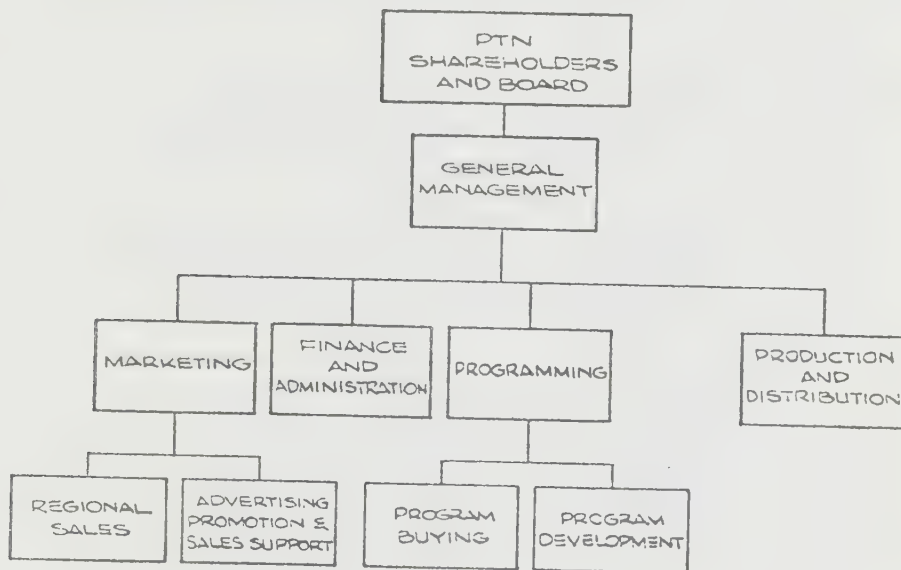
- Independent film producers
- Broadcasters
- Foreign feature films
- The existing Canadian film stock
- The National Film Board
- Live theatre
- Cultural events
- Special events
- Educational series
- Non-broadcast sporting events

3. The exhibitors' responsibilities would include:

- ▶ Developing supplementary regional and local programming
- ▶ Deciding on and providing the necessary exhibition equipment within the national standards
- ▶ Delivering pay television programs to the viewer with the best possible signal quality
- ▶ Marketing and administering the pay television service in own area.

While program production and exhibition would be carried out through existing organizations, a new pay television network organization would be created along the following functional lines:

PAY TELEVISION NETWORK ORGANIZATION



In the areas of programming and marketing, the network would have both French and English-language capabilities.

OUTLINING THE NETWORK OWNERSHIP

PTN believes that the ownership of the pay television network should include the participation of all interested parties, particularly independent program producers, but that cable companies should have a majority. We hold this position for several reasons:

- ▶ The cable operators are not tied to any existing program production organizations or resources, and are therefore in an ideal position to make objective decisions on the necessary program investments, secure the required producer skills, and utilize the full strength of the Canadian production industry, whether independent or part of a broadcast organization
- ▶ With the possibility of more than \$34 million at risk in additional equipment to initiate the pay television service (an average unit cost of \$90 is required for 380,000 subscribers projected for year 1), it is essential that cable operators be in a position to ensure that the network's functions are carried out in the most effective way
- ▶ Because the primary sales effort will be directed towards cable subscribers, cable operators have a special interest in maintaining consumer satisfaction, and need to bear the responsibility for ensuring continued confidence in the overall cable service.

Cable companies are committed to getting this new service off the ground, and are prepared to accept the risks and responsibilities. We believe that the programming and business strategies outlined in this report represent the most realistic approach to introducing pay television, and have strong convictions about the need to agree on and implement this proposed course. We are also prepared to invest up-front funds to help ensure that a quality service is provided from the beginning, and the necessary production of Canadian programs is well launched.

PTN realizes that the management of the network should be led by people with entrepreneurial and innovative skills who have had experience in programming, to ensure repeat buying by viewers.

- ▶ We see the influence and involvement of the cable companies and other investors taking place at the board of directors level
- ▶ To bring to the board outside expertise in program production and exposure to broad cultural concerns, we will ensure that at least one-third of the directors are other than cable representatives.

We have considered and rejected models that would establish independent third-party or public sector ownership of the network.

- ▶ Independent third-party owners, in our view, would have little to contribute to a successful Canadian pay television venture. The development of the service requires the basic business skills and technical resources of the cable companies and the creative programming talents of the program production community. Moreover, independent third-party owners would not have the same incentive as cable companies to manage the network properly, as they would not have the same capital risk or concern for ongoing customer relationships
- ▶ Public-sector ownership is not required either, as pay television can achieve the objectives set out by the Minister of Communications without funding or management direction from government
 - The necessary public-sector guidance for the proper positioning of pay television in the broadcasting system can be achieved through the setting of announced policy, clear-cut objectives and effective ongoing regulation. In addition, the planned non-cable directors would effectively represent the public interest on the board

- Pay television can operate without public-sector funding. It can become a financially viable operation that infuses private-sector funding into program production. Moreover, the demands placed on government for funds for other purposes are already substantial
- The programming of the network should not be by government
- The nature of the business will be one of creativity, excitement, risks, failures and sometimes criticism. We believe that government ownership is simply not suited to this type of business environment
- Finally, as the broadcasting system expands and adds new dimensions, we believe the Government needs to focus more on policy, objectives, directions, balance and regulation, and less and less on direct management.

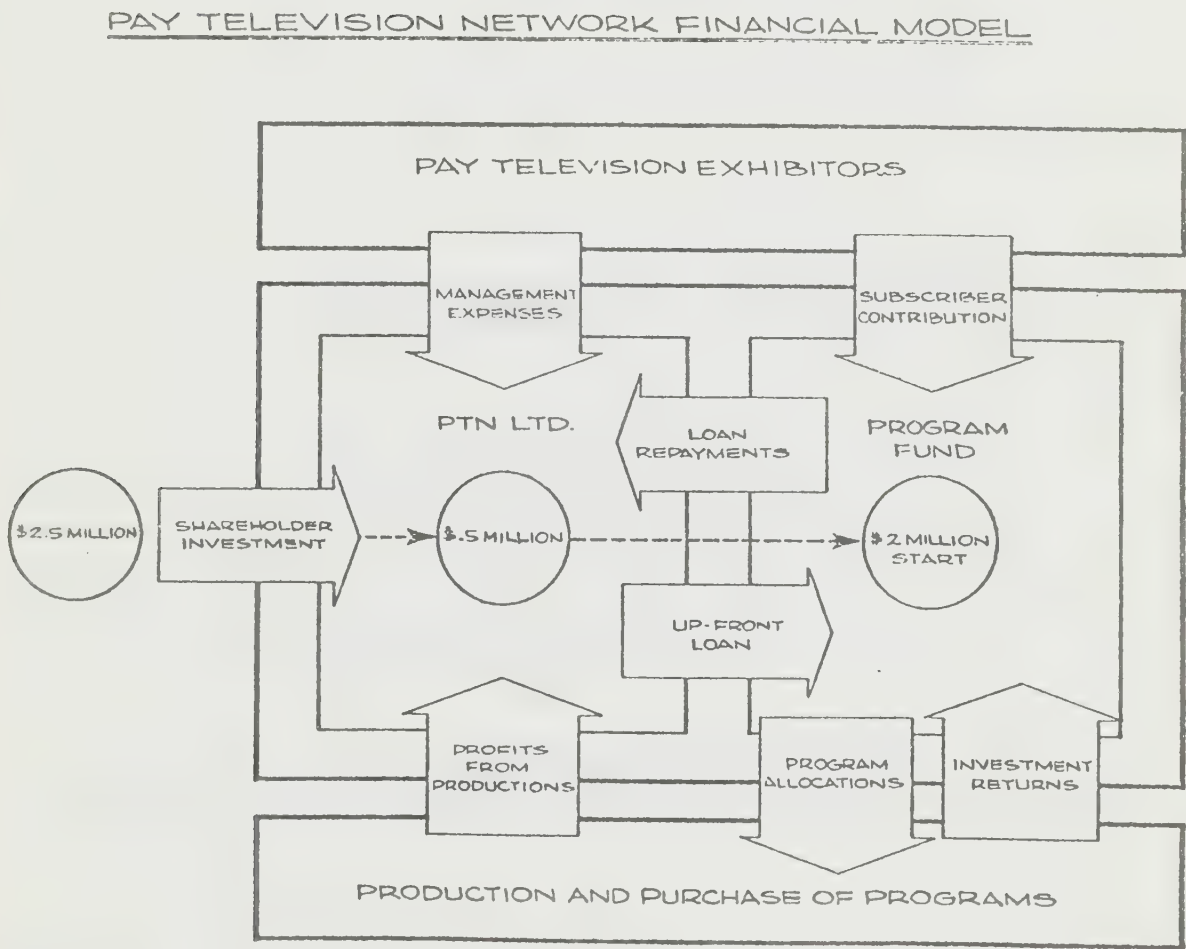
This is not to say that government's own production agencies, such as the CFDC and the National Film Board, should not work in close harmony. We have a particular concern that the pay television network could be seen as a substitute for or twin of the CFDC. We believe that both organizations have very separate and in some cases incompatible responsibilities, and should come together only on film investment, where all possible support is essential:

- ▶ The CFDC, as well as being an investor in films, is taking longer term steps to strengthen components of the program production process, and seeking core groups for future production
- ▶ Pay television, as well as being a film investor, will be programming, helping to market, and distributing a commercial network service.

To capture and coordinate the common interest in film investment, we would welcome a member of the CFDC on the pay television board.

SETTING OUT
THE FINANCIAL
STRUCTURE

The chart below illustrates the proposed financial framework for the network:



Key elements of the financial framework are as follows:

- ▶ Ownership of the network would be open to all interested parties, particularly to independent program producers
- ▶ The network would start with up-front funding of \$2.5 million - a \$2 million loan for program purchase and investment, and \$500,000 in equity capital to get the network underway
- ▶ The loan would be repaid with reasonable interest during the first five years of pay television service
- ▶ \$3.20/month/subscriber would be contributed to the program fund, with a minimum \$1.20 of this reserved for Canadian content
- ▶ Successful Canadian productions would have a cumulative effect on the fund over time, with investments recouped through sales outside pay television being returned to the fund
- ▶ Only profits in excess of any original investment in a production would accrue to the network, and dividends would not be paid to shareholders until the network has a proven record of success
- ▶ The network assumes the cost of the delivery of the program to the exhibitor.

Detailed cash flow projections are given in the program funding model in Appendix E.

The benefits of such an approach are substantial:

- ▶ Up-front money means that pay television can make a significant commitment to Canadian program production from the very beginning. It also helps to ensure that Canadian production will be an important part of the program offering from the outset, and major investments in new films could make new products available in one to two years
- ▶ Gradual repayment of the loan would not significantly dilute the flow-through of funds to program production.

* * * * *

This report has presented the PTN position on the potential, the introduction and the structure of pay television in Canada. It is clear to us that this new service will be an important contributor to the overall broadcasting system. It is one that consumers will want for reasons of choice and greater potential viewing satisfaction. It is also a service that will expand significantly the production of high-quality Canadian programs and provide an important new stimulus to the independent program production industry. And it can be introduced successfully at relatively low cost. In summary, pay television has an exciting potential that can begin to be captured through sound business skills and creative decisions on programming, distribution, marketing and exhibition services.

PTN desires to play a major role in the development of Canadian pay television, and is prepared to follow through immediately on the proposals put forth in this report.

CURRENT
PTN SUBSCRIBERS

Greater Winnipeg Cablevision Limited
Gagnon TV Ltée
Deep River Video Ltd.
London Cable TV
Jarmain Cable TV (Brantford)
Chatham Cable TV Ltd.
Hamilton Co-Axial
Grand River Cable TV
Rivière -du-Loup Cable TV Ltée
Terra Communications Limited
Community Video Limited
Maclean Hunter Cable TV Limited
Metro Cable TV
Alberta Broadcasting Corporation Limited
West Coast Cablevision Ltd.
Lindsay CATV System Limited
Black Lake Telediffusion
Grimsby Cable TV Limited
Transvision (Granby) Inc.
White Rock Cablevision Ltd.
Kincardine Cable TV Ltd.
Windsor Cable TV Ltd.
Compton Cable TV Ltd.
Northumberland Cable TV Ltd.

Trans Spectrum Services Limited
QCTV Ltd.
Jarmain Cable TV (Newmarket)
Pine Ridge Cable TV
Kingston Cable TV Limited
Cornwall Cablevision Inc.
Cablovision Baie St. Paul Inc.
Merritt Cablevision Ltd.
Western Cablevision Ltd.
Western Co-Axial Limited
Cable Service Ltd.
Armstrong Communications Limited
Clearview Cable TV Limited
Saanich Cablevision Ltd.
Community Antenna Television
Winnipeg Videon Limited
Cable TV Ltd.
Ottawa Cablevision Limited
La Belle Vision (1972) Inc.
Willowdowns Cable Vision Ltd.
Urban Cablevision Ltd.
Mainline Cablevision
Aurora Cable TV Ltd.
Brockville Amusements Ltd.

Smiths Falls Cablevision Ltd.	Napanee-Deseronto Cablevision
Airland Communication Services Ltd.	Capital Cable TV Ltd.
Classic Communications Ltd.	National Cablevision Limited
Cablovision Baie Comeau Inc.	Chouinard Télévision Ltée
Laurentian Cablevision Limitée	Rogers Cable Communications Limited
Halton Cable Systems Ltd.	Kemptville Cablevision Ltd.
Fundy Cablevision Ltd.	Northern Cable Services Ltd.
Sorel-O-Vision Inc.	Northgate Cable TV Limited
Halifax Cablevision Ltd.	Edmundston Cablevision Ltd.
Bay Ridges Cable TV Limited	Radio & TV Distribution Ltd.
Télésag Inc.	Cablevue (Quinte) Limited
Premier Cablevision Limited	Dartmouth Cable TV Limited
CUC (Scarboro) Limited	Skyline Cablevision Limited
Beauce Vidéo Ltée	Thetford Vidéo Inc.
Claire Vue Inc.	Dolbeau TV Service Inc.
Taber Cable Television Ltd.	Cablovision Inc.
Ucluelet Video Services Limited	Compagnie de Télévision de Sept-Iles
T.V. Drummond Inc.	Cablecasting Limited
Lennoxville Transvision Inc.	Clear Crest Cable TV Ltd.
Island Cablevision Ltd.	Vidéotron Ltée
Télécabl Vidéotron Ltée	Wired City Communications Ltd
Electro-Vision (La Tuque) Inc.	Vidéo Déry Ltée
Orangeville Cable-Vu Limited	Shellbird Cable Limited
Kings Kable Limited	Delta Cable Television Ltd.
Coast Cable Vision Ltd.	Oliver Tele-Vue Limited
Transvision Windsor Inc.	T.V. Cable Richmond Inc.
Mountain Cablevision Ltd.	Terra Cable Ltd.
North Hatley Transvision Inc.	Transvision Magog Inc.
Lachute Cablevision Inc.	

PAY-T V, POTENTIAL

A Research Report

for

THE PAY TELEVISION NETWORK LIMITED

Prepared by

GOLDFARB CONSULTANTS LIMITED

August, 1976

INTRODUCTION

After discussion with the Pay Television Network Limited personnel, a study was undertaken, the objectives of which were:

- 1) to determine what awareness levels are with respect to pay-tv in the Metro Toronto area among current cable subscribers
- 2) to determine what interest there is in subscribing to pay-tv at various price and package content levels
- 3) to determine what people would like to see on pay-tv
- 4) to determine who people would prefer to deal with in subscribing to pay-tv and how they would like to pay, that is, monthly, semi-annually, or yearly.

The study design was worked through, approved and carried out in August, 1976. A random sample of approximately four hundred (400) current cable subscribers in the Metro Toronto area were interviewed by telephone over a one week period. Male and female household heads over the age of eighteen (18) were interviewed in equal proportions. A copy of the questionnaire is included in the Appendix to this report.

SUMMARY OF FINDINGS

UNAIDED AWARENESS OF PAY-TV

- On an unaided basis, two in three (65%) cable television subscribers in Toronto say they have heard of pay-tv.
- Although a good number have heard of pay-tv, few say they are very knowledgeable about the subject or current discussions about it.

% of Respondents

	<u>Total</u>	<u>Who have heard of pay-tv</u>
<u>Knowledge About Pay-TV</u>		
Very knowledgeable	2	3
Somewhat knowledgeable	9	15
A little knowledgeable	27	41
Not knowledgeable at all	27	41
Not eligible to answer question	35	-
	<u>100</u>	<u>100</u>
Base:	(393)	(255)

- Also, few are able to describe what pay-tv is.

	<u>% of Respondents</u>
<u>What Is Pay-TV?</u>	
System where you pay to see a special event	13
System where you pay to watch certain shows	5
Has no commercials	5
Base:	(393)

POTENTIAL OF PAY-TV

At this point in the interview, after being asked on an unaided basis what pay-tv is, respondents were read the following description:

To clarify, pay-tv, when it becomes available, will be showing recently released full length movies, that is, movies released within the last year or two that could be shown in any theatre, as well as other entertainment programs or events not otherwise available on television. Pay-tv will have no commercial interruptions.

- Then, people were asked without any reference to the possible cost of pay-tv, how likely they would be to subscribe to it when it becomes available. Their responses are as follows:

	<u>% of Respondents</u>
<u>Likelihood Of Subscribing To Pay-TV</u>	
Very likely	14
Somewhat likely	21
A little likely	25
Not likely at all	34
Don't know	6
	<u>100</u>

Base: (393)

- Expressing greatest interest in pay-tv are people under 50 and those with household incomes \$20,000 and over.

	% of Respondents						
		----- AGE -----			----- INCOME -----		
	<u>Total</u>	<u>Under 35</u>	<u>35 - 49</u>	<u>50 & over</u>	<u>Under \$12,000</u>	<u>\$12,000 - \$19,999</u>	<u>\$20,000 & over</u>
<u>Likelihood Of Subscribing To Pay-TV</u>							
Very likely	14	14	17	10	13	10	22
Somewhat likely	21	28	19	15	13	33	21
A little likely	25	28	34	17	20	23	30
Not likely at all	34	26	25	53	50	30	22
Don't know	6	4	5	5	4	5	5
	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>
Base:	(393)	(160)	(98)	(133)	(84)	(100)	(123)

WHAT PRICE AND HOW MANY MOVIES A MONTH?

- In an attempt to determine the optimum monthly price/movie combination, half of the respondents were asked how likely they would be to subscribe to pay-t.v. if the cost was \$6 a month and the number of movies included in the monthly package of entertainment was four, six or eight. The other half of the sample was asked the same question but at a charge of \$8. Results to this line of questioning are as follows:

	% of Respondents					
	Four movies at		Six movies at		Eight movies at	
	<u>\$6</u>	<u>\$8</u>	<u>\$6</u>	<u>\$8</u>	<u>\$6</u>	<u>\$8</u>
<u>Likelihood Of</u> <u>Subscribing To Pay-TV</u>						
Very likely	13	12	25	23	34	37
Somewhat likely	21	21	16	19	14	17
A little likely	24	19	20	22	17	17
Not likely at all	43	47	39	36	35	29
Don't know	8	1	-	-	-	-
	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>
Base:	(192)	(201)	(192)	(201)	(192)	(201)

- Clearly the \$8 price vis-a-vis the \$6 price does not have a significant effect on interest in pay-tv. Expressed interest in the concept, no matter how many movies are offered, is the same at both price levels. That is, charging \$8 rather than \$6 will not have a negative influence.

- It appears the potential of pay-tv would be greatest if eight movies were offered a month at \$8 although interest in six movies for \$8 is good. What needs to be weighed in making the final decision is the cost outlay versus expected incremental returns for offering the extra two movies.

- Again, those under 50 years old and in the higher income bracket (\$20,000 and over) express most interest in pay-tv.

DESIRED PROGRAMMING IN PAY-TV PACKAGE

- When asked how interested they would be in various types of programming for pay-tv, movies stand out as number one, although expressed interest is high in a wide variety of subject areas.

% of Respondents

	<u>Very interested</u>	<u>Somewhat interested</u>	<u>A little interested</u>	<u>Not interested at all</u>	<u>Did not state</u>
Full length movies	53	19	9	13	6
Documentary films	48	22	10	14	6
Live sports events	46	14	11	25	4
Live theatre	41	20	14	20	5
Musical concerts	38	24	15	18	5
Educational programs	36	25	14	19	6
Child-oriented programs	23	13	9	50	5

Base: (393)

- Correlating with the above is the following data which shows how often people say they attend the following events. Movies are one of the most frequently engaged in activities, of those listed.

% of Respondents

	<u>Regularly</u>	<u>Occasionally</u>	<u>Seldom</u>	<u>Never</u>	<u>Did not state</u>
Attend live musicals	10	32	17	36	5
Attend the movies	10	31	35	20	4
Attend events at the Forum at Ontario Place	10	27	20	38	5
Attend the ballet	6	10	15	66	3
Attend symphony concerts	6	17	20	54	3
Attend the opera	4	10	13	70	3
Attend rock concerts	3	11	9	73	4
Attend jazz concerts	3	16	11	66	4

PREFERRED METHOD OF PAYMENT

- Most people say they would prefer to pay monthly both because they say they are paying for their cable this way now and because they say they would be deciding each month whether the package was worth the price or not.

% of RespondentsPrefer To Pay

Monthly	58
Semi-annually	7
Yearly	20
Don't know	15
	<u>100</u>

Base: (395)

PREFERRED COMPANY TO DEAL WITH

- In a ratio of about three to one, people say they would prefer to deal with the cable company they are currently dealing with than with another company.

% of RespondentsPrefer To Deal With

Cable company	52
Another company	18
Don't know/no opinion	30
	<u>100</u>

Base: (395)

- Most say they would like to deal with their present cable company either because of perceived convenience (26%) or because they have been satisfied with their cable company (26%) and see no reason not to continue dealing with them (18%).

CANADIAN TESTING INSTITUTEPROJECT # 76990

Good morning/afternoon/evening. My name is _____
of Canadian Testing Institute. We are conducting a survey
of consumers in Toronto. May I have a few moments of your
time? Thank you.

Screeners

A. Are you a subscriber to cable television?

Yes ☐ 11-1

No ☐ 2 TERMINATE

B. Sex: Male ☐ 12-1 Female ☐ 2

CHECK YOUR QUOTAS. TERMINATE IF NECESSARY.

SECTION ONE

1. Have you heard of pay-tv?

Yes ☐ 13-1No ☐ 2 GO TO SECTION TWO

- 2a) Would you say you are very knowledgeable, somewhat knowledgeable, a little knowledgeable or not knowledgeable at all about the current discussions about pay-tv?

Very knowledgeable

☐ 14-1

Somewhat knowledgeable

☐ 2

A little knowledgeable

☐ 3

Not knowledgeable at all

☐ 4 GO TO Q. 3

- 2b) What is pay-tv? What do you know about it? What have you heard about it? (PROBE)

_____ 15-

_____ 16-

3. When pay-tv becomes available, how likely will you be to subscribe? Will you be ...

Very likely

☐ 17-1

Somewhat likely

☐ 2

A little likely

☐ 3

Not likely at all

☐ 4

SECTION TWO

B-12

To clarify, pay-tv, when it becomes available, will be showing recently released full length movies, that is, movies released within the last year or two that could be shown in any theatre, as well as other entertainment programs or events not otherwise available on television. Pay-tv will have no commercial interruptions.

1. Knowing this, how likely will you be to subscribe to pay-tv when it becomes available? Will you be ...

Very likely	<input type="checkbox"/> 18-1
Somewhat likely	<input type="checkbox"/> 2
A little likely	<input type="checkbox"/> 3
Not likely at all	<input type="checkbox"/> 4

- 2a) Assuming you were to subscribe to pay-tv, someone would have to sell you the service. In your opinion, would you prefer to deal with the cable company you are presently dealing with or would you prefer to deal with another company, that is, with a regular broadcaster?

With cable company	<input type="checkbox"/> 19-1
With another company	<input type="checkbox"/> 2
(DO NOT READ) No opinion	<input type="checkbox"/> 3

- 2b) Why? _____ 20-

ASK HALF OF YOUR QUOTA Q.3
 ASK THE OTHER HALF Q.4
DO NOT ASK EACH RESPONDENT BOTH QUESTIONS
 CHECK THE ONE YOU ASK

- ☐ 3. In a pay-tv system, you, the customer, would have to make a buying decision each month about whether or not to take the package of movies available for a particular month. The monthly charge would be \$6. How likely would you be to subscribe to pay-tv if the monthly package included an acceptable selection of four movies - very likely, somewhat likely, a little likely, or not likely at all ... (RECORD BELOW) ... if the package included six movies? (RECORD BELOW) ... if the package included eight movies? (RECORD BELOW).

Four movies Six movies Eight movies

Very likely	<input type="checkbox"/> 21-1	<input type="checkbox"/> 22-1	<input type="checkbox"/> 23-1
Somewhat likely	<input type="checkbox"/> 2	<input type="checkbox"/> 2	<input type="checkbox"/> 2
A little likely	<input type="checkbox"/> 3	<input type="checkbox"/> 3	<input type="checkbox"/> 3
Not likely at all	<input type="checkbox"/> 4	<input type="checkbox"/> 4	<input type="checkbox"/> 4

- ☐ 4. ... a pay-tv system, you, the customer, would have to make a buying decision each month about whether or not to take the package of movies available for a particular month. The monthly charge would be \$8. How likely would you be to subscribe to pay-tv if the monthly package included an acceptable selection of four movies - very likely, somewhat likely, a little likely, or not likely at all ... (RECORD BELOW) ... if the package included six movies? (RECORD BELOW) ... if the package included eight movies? (RECORD BELOW).

Four movies Six movies Eight movies

Very likely	<input type="checkbox"/> 24-1	<input type="checkbox"/> 25-1	<input type="checkbox"/> 26-1
Somewhat likely	<input type="checkbox"/> 2	<input type="checkbox"/> 2	<input type="checkbox"/> 2
A little likely	<input type="checkbox"/> 3	<input type="checkbox"/> 3	<input type="checkbox"/> 3
Not likely at all	<input type="checkbox"/> 4	<input type="checkbox"/> 4	<input type="checkbox"/> 4

5a) Assuming that you were to subscribe to some or all of the pay-tv offerings, would you prefer to pay ... (ROTATE)

- Monthly ☐ 27-1
- Semi-annually ☐ 2
- Yearly ☐ 3
- (DO NOT READ) No opinion ☐ 4

5b) Why? _____ 28-

5. What kinds of cultural events, if any, would you like to see included in the monthly package other than movies? (PROBE FULLY)

_____ 29-

_____ 30-

_____ 31-

Anything else? _____

6. At present, do you regularly, occasionally, seldom or never ...

(ROTATE)	Regularly	Occasionally	Seldom	Never
Attend the movies	<input type="checkbox"/> 32-1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4
Attend symphony concerts	<input type="checkbox"/> 33-1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4
Attend the ballet	<input type="checkbox"/> 34-1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4
Attend the opera	<input type="checkbox"/> 35-1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4
Attend rock concerts	<input type="checkbox"/> 36-1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4
Attend jazz concerts	<input type="checkbox"/> 37-1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4
Attend live musicals	<input type="checkbox"/> 38-1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4
Attend events at the Forum at Ontario Place	<input type="checkbox"/> 39-1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4

7. For each of the following, please tell me whether you would be very interested, somewhat interested, a little interested or not interested at all in having it as part of the monthly pay-tv package:

(ROTATE)	Very interested	Somewhat interested	A little interested	Not at all interested
Full-length movies	<input type="checkbox"/> 40-1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4
Live sports events	<input type="checkbox"/> 41-1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4
Educational programs	<input type="checkbox"/> 42-1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4
Documentary films	<input type="checkbox"/> 43-1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4
Musical concerts	<input type="checkbox"/> 44-1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4
Live theatre performances	<input type="checkbox"/> 45-1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4
Child-oriented programs	<input type="checkbox"/> 46-1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4

BASIC DATA

B-14

Now I would like to ask you some questions about yourself.
Your answers are strictly confidential and will be used for
statistical purposes only.

A. In which of the following age categories do you belong? (READ LIST)

18 - 24	<input type="checkbox"/>	47-1	<input type="checkbox"/>	4	<input type="checkbox"/>	50 - 54	<input type="checkbox"/>	7
25 - 29	<input type="checkbox"/>	2	<input type="checkbox"/>	5	<input type="checkbox"/>	55 - 59	<input type="checkbox"/>	8
30 - 34	<input type="checkbox"/>	3	<input type="checkbox"/>	6	<input type="checkbox"/>	60 & over	<input type="checkbox"/>	9

B. Thinking of yourself, are you ...

Single and living at home	<input type="checkbox"/>	48-1
Single and living alone	<input type="checkbox"/>	2
Single and living with another person(s) of the same sex	<input type="checkbox"/>	3
Single and living with another person(s) of the opposite sex	<input type="checkbox"/>	4
Married	<input type="checkbox"/>	5
Divorced	<input type="checkbox"/>	6
Separated	<input type="checkbox"/>	7
Widowed	<input type="checkbox"/>	8

<input type="checkbox"/>	6	ALSO CHECK
<input type="checkbox"/>	7	APPROPRIATE
<input type="checkbox"/>	8	SINGLE CATEGORY

C. Do you live in ...

A house	<input type="checkbox"/>	49-1
An apartment	<input type="checkbox"/>	2
A townhouse	<input type="checkbox"/>	3
Other _____	<input type="checkbox"/>	4

(SPECIFY)

D. Including yourself, how many people are there in your household?

One	<input type="checkbox"/>	50-1	Five	<input type="checkbox"/>	5
Two	<input type="checkbox"/>	2	Six	<input type="checkbox"/>	6
Three	<input type="checkbox"/>	3	Seven or more	<input type="checkbox"/>	7
Four	<input type="checkbox"/>	4			

E. Are you currently employed?

Yes ☐ 51-1 No ☐ 2

(IF YES, ASK ...)

Full-time	<input type="checkbox"/>	52-1
Part-time	<input type="checkbox"/>	2

What is your occupation?

53-

(IF MARRIED OR LIVING WITH SOMEONE, ASK...)

E2. Does your spouse work?

Yes ☐ 54-1 No ☐ 2

IF YES, ASK ...

Full-time	<input type="checkbox"/>	55-1
Part-time	<input type="checkbox"/>	2

What is your spouse's occupation?

56-

F. Does anyone in your household belong to a union?

Yes ☐ 57-1 No ☐ 2

G. In which of the following categories does your total household income before taxes fall?

Less than \$6,000	<input type="checkbox"/> 58-1	\$12,000 - \$14,999	<input type="checkbox"/> 5
\$6,000 - \$7,999	<input type="checkbox"/> 2	\$15,000 - \$19,999	<input type="checkbox"/> 6
\$8,000 - \$9,999	<input type="checkbox"/> 3	\$20,000 - \$24,999	<input type="checkbox"/> 7
\$10,000 - \$11,999	<input type="checkbox"/> 4	\$25,000 or over	<input type="checkbox"/> 8

Thank you for your co-operation.

RESPONDENT'S NAME _____

RESPONDENT'S ADDRESS _____

RESPONDENT'S TELEPHONE NUMBER _____

INTERVIEWER'S NAME _____

DATE _____

POSSIBLE IMPACT OF AUDIENCE FRAGMENTATION

Last year's submission to the CRTC by Canadian Cablesystems Limited, Premier Cablevision Limited and Rogers Cable TV Limited indicated that the potential benefits of pay television for Canadian program production far outweigh the possible losses to conventional television through audience fragmentation:

'Our projection indicates that any losses incurred by the system through audience fragmentation due to pay television will be offset by pay television's spending on programming, some of which should flow to broadcasters, who are also programme producers. If two adult viewers per pay subscription watch one quality show, say 100 minutes, on the pay service each week the potential viewing loss to broadcasters is 3.3 hours. Assuming this loss is split evenly between Canadian and American broadcasts (since Canadians split their viewing almost evenly between Canadian and American stations), the loss to the Canadian broadcaster is 1.65 viewing hours. If all this loss were to occur in prime time, when broadcasters can charge advertisers 4-5¢ per viewing hour, the total potential revenue loss for Canadian broadcasters would be about 6-8¢ per week for each pay television subscription. But the new pay service will be able to afford sizeable expenditures for Canadian programmes, even with a relatively small subscriber base. A new pay service should probably plan on, and can be profitable with, 40 percent of gross revenues being spent on programmes, or 80¢ a week per subscription. And, with the pay service following the CRTC's suggested allocation of 15 percent of revenues for Canadian programming, with which we concur, the Canadian broadcasting system would benefit by a minimum 30¢ per subscription each week. Thus, pay television would provide four to five times more net funds directly to Canadian programme production than the gross advertising revenues the broadcasters might lose*.

* - 'Pay Television - The Opportunities, Challenges and Approach', pp. 11-4 and 11-5.

U.S. PROGRAMMING STRATEGIES1. Home Box Office (HBO) has adopted a mixed program-higher price strategy

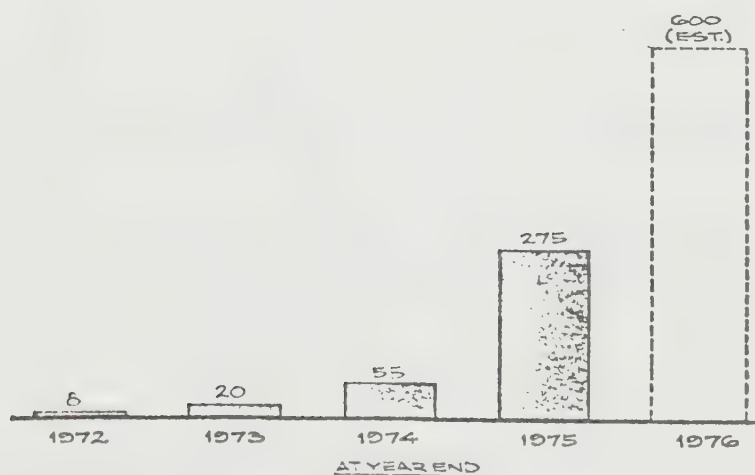
HBO at the outset adopted a real-time network concept that has allowed it to centrally control a full-scale balanced mix of programs. (The current schedule is 12 hours/day, and the mix 60% movies, 20% sports, 20% other. Average subscriber price is \$8/month.)

- ▶ This concept was partially promoted by the draw of live major league sports events from New York City
- ▶ But HBO also believes strongly that a mix of programs appealing to all members of the family is likely to retain a greater proportion of subscribers over the long haul

This approach has led to rapid growth:

- ▶ The annual growth in subscribers has exceeded 100%
- ▶ HBO now controls about 57% of the U.S. pay television market, and will have an estimated 600,000 subscribers by the end of 1976.

THOUSANDS OF HBO PAY TELEVISION SUBSCRIBERS



- It now supplies programming to 185 affiliate cable operators in 32 states, and beams its satellite signal to 52 earth stations.

But several problems accompany this rapid growth:

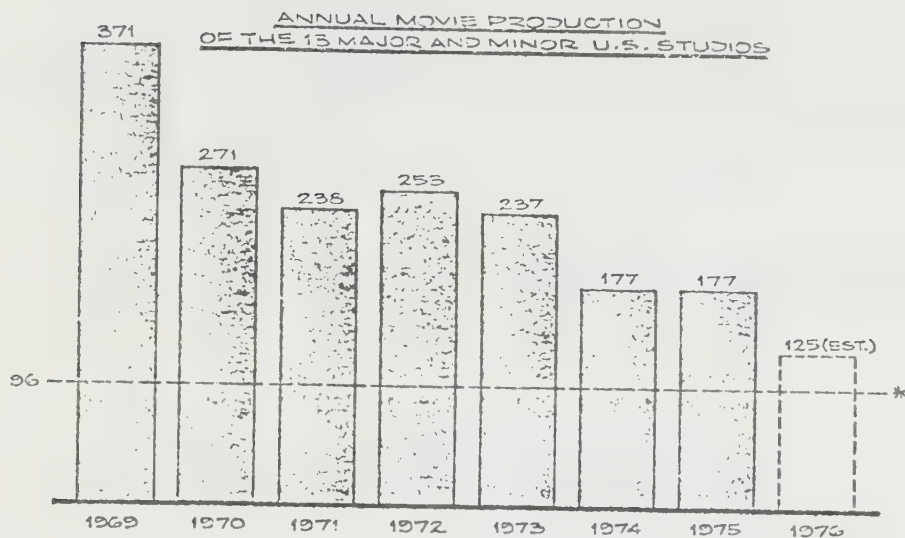
- Disconnects range from 8% to 50%, with an average of about 25% per year
 - Emphasis on growth has precluded efforts to determine why consumers are reacting this way
 - HBO suggests that disconnects are more a function of cable operator management than program content
- Household penetration is heavily skewed towards the metropolitan New York market (pay television is taken by 45% of cable subscriber homes in New York vs. 19% outside)
 - New York major league team sports have been a major buying influence in that area
 - R-rated and foreign movies appeal more to sophisticated New York audiences than to those elsewhere
- Product quality could suffer with the need to fill 12 program hours per day

SAMPLE HBO PROGRAM SCHEDULE *

	SATURDAY	SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY		
2.00	MOVIE 1	ARTS 1	MOVIE 6	MOVIE 3	SERIES 2	SERIES 3	SERIES 2		
3.00		SERIES 1			YOUNG FILM 1	MOVIE 9	MOVIE 12		
4.00		MOVIE 4			YOUNG FILM 2	YOUNG FILM 3			
5.00	CHILDREN 1	SPORTS 1	YOUNG FILM 3	CHILDREN 4	MOVIE 11	CHILDREN 1	MOVIE 13		
6.00	CHILDREN 2			YOUNG FILM 4		CHILDREN 4			
7.00	CHILDREN 3			YOUNG FILM 4		CHILDREN 5			
8.00	YOUNG FILM 1	ARTS 2	ARTS 3	ARTS 4	SPORTS 2	MOVIE 9	MOVIE 12		
9.00	MOVIE 2	MOVIE 5	MOVIE 6	MOVIE 3		MOVIE 7	MOVIE 13		
10.00	MOVIE 3	MOVIE 4	FILM PLAY 1	MOVIE 9		MOVIE 7	SPECIAL 1		
11.00	MOVIE 1	FOREIGN FEATURE 1	MOVIE 7	MOVIE 10	FOREIGN FEATURE 2	FILM PLAY 1	MOVIE 14		
12.00									
1.00									

* THIS SCHEDULE IS FOR MAY 1 TO 7, 1976

- Scheduling 8 new feature movies per month demands an input that almost matches Hollywood's rapidly declining output, and has prompted co-production between Time Inc. and Columbia Pictures.



SOURCE - BOX OFFICE - MPAA FILM RATINGS

2. TeleMation Program Services (TPS) *, on the other hand, believes in a flexible movie packaging strategy

With an estimated 36% of the U.S. market, TPS has established the second dominant position as program supplier for pay television with its flexible movie packaging service (TPS offers affiliates a choice of packages that can be priced to the consumer as low as \$2/month). TPS cites several advantages of its strategy:

* - TPS merged with HBO in July 1976, but is expected to continue operating as a separate programming service.

► Higher penetration levels:

- For example:

- | | |
|-----------------------|---|
| . San Jose, Calif. | - 100% with two movies for \$2/month (compulsory) |
| . East Lansing, Mich. | - 71% with three movies for \$3/month |
| . Georgia | - 45% with four movies for \$5/month |

(System average without San Jose is 22.5% vs. 19% for HBO outside New York)

► Appeal to different audience tastes:

- For example:

- . Adult package of 4 R-rated movies for \$4.95/month
- . Family package of 4 G- and PG-rated movies for \$4.95/month, or
- . Combination package of 8 movies for \$8.95/month

► Better product quality:

- With most affiliates selecting only 3 to 4 movies/month, second-rate movies can be avoided.

And TPS is convinced that its strategy will result in fewer disconnects, making the renewal marketing job substantially easier. There is not yet, however, sufficient experience to assess this assumption.

PROGRAM FUNDING MODEL

The following program funding model has been developed to project the amount of funds that will be available for Canadian programming through pay television. With the projections and assumptions shown, \$77.9 million will be spent on Canadian programming in the first 5 years of pay television.

1. Pay Television Subscriber Projections

Subscribers are expected to number 380,000 in 1978, growing to 1,180,000 by 1982.

Assumptions:

- ▶ Pay TV is marketed in the fall of 1977 for introduction in January 1978
- ▶ Cable penetration will grow from 46% to 60% in this 5-year period
- ▶ 60% of cabled homes will have access to pay TV in 1978, 90% by 1982
- ▶ Pay TV penetration will rise from 20% to 30% of available homes in this 5-year period.

	1978	1979	1980	1981	1982
Canadian homes (000)	6900	7000	7100	7200	7300
% of total homes passed by cable	70	74	77	79	80
% of homes passed with cable	66	69	72	74	75
% of total homes with cable	46	51	55	58	60
Total cable homes (000)	3200	3600	3900	4200	4400
% of cable system with pay TV	60	80	85	88	90
% pay TV penetration	20	24	27	29	30
% of total cable homes with pay TV	12	19	23	26	27
Pay TV homes (000)	380	630	900	1090	1180

2. Pay Television Revenue and Expenses Projections

\$61 million will be generated from subscribers for Canadian programming during the first 5 years.

Assumptions:

- ▶ Subscribers will be charged \$8 per month for pay television service
- ▶ Cable operators will require \$4.40 per month (55%) to cover the costs of exhibition
- ▶ \$2 per month (25%) will be required to purchase U.S. or other foreign movies
- ▶ \$1.20 per month (15%) will be available for Canadian programming
- ▶ Network distribution functions will require the greater part of the remaining \$.40 per month (5%). Any excess will be spent on programming at management's discretion.

	1978	1979	1980	1981	1982
	(000)				
Pay TV subscribers	380	680	900	1090	1180
	\$ Million				
Total revenue @ \$8/month	36.4	65.2	86.4	104.6	113.2
Exhibition expenses @ \$4.40/month	20.0	35.0	47.5	57.6	62.3
Distribution expenses @ \$.40/month	1.3	3.2	4.3	5.2	5.6
Purchase of U.S. feature films @ \$2/month	9.1	15.3	21.6	26.1	26.3
Canadian programming @ \$1.20/month	5.5	9.8	13.0	15.7	17.0

3. Returns on an Average \$2.1 Million Feature Film at Three Levels of Success

A \$2.1 million film that is successful at the box office internationally (\$10 million gross) will return the average pay television investment of \$700,000 for future investment.

If not successful (\$2 million gross), the film will lose money, and return only \$135,000 of the original \$700,000 investment.

Assumptions:

- ▶ The average Canadian feature film produced for eventual showing on pay television will cost \$2.1 million
- ▶ Pay television will invest an average of one-third of the cost of each film
- ▶ Investors put up 100% of the money for 50% equity - producer gets other 50%.

	Low Gross	Medium Gross	High Gross
<u>Average Costs</u>	(\$000)		
Production cost	2100	2100	2100
Pay TV investment (33%)	700	700	700
Other investment (67%)	1400	1400	1400
<u>Average Revenues</u>			
Box office gross	2000	5000	10000
Exhibitor charge	1000	2500	5000
Distributor charge	600	1500	3000
Box office net	400	1000	2000
U.S. pay TV rights	--	150	250
Canadian broadcast TV rights	--	30	50
U.S. broadcast TV rights	--	500	800
Total revenues	400	1680	3100
<u>Average Investment Returns</u>			
Pay TV investment repayment	135	560	700
Other investment repayment	265	1120	1400
Production profit (loss)	(1700)	(120)	1000
Pay TV profits (16.7% equity)	--	--	167

4. Film Investments and Returns

Pay television will invest in 54 feature films during the first years of operation to 1982 (7 in 1977 before subscription start-up). Over this period of time, \$45.6 million will be invested and \$17.4 million will be returned for reinvestment.

Assumption:

► The financial achievements of the first 42 films are as follows:

High gross	4	(10%)
Medium gross	15	(35%)
Low gross	<u>23</u>	(55%)
	42	

	1977	1978	1979	1980	1981	1982
Films produced	7	6	8	10	11	12
Total investment (\$ million)	1.8*	4.2	6.4	9.0	11.0	13.2
High-gross films		--	--	1	1	2
Average return		--	--	800	900	1000
Return (\$ 000)		--	--	800	900	2000
Medium-gross films		1	3	3	4	4
Average return		400	560	640	720	800
Return (\$ 000)		400	1730	1920	2380	3200
Low-gross films		6	3	4	5	5
Average return		115	135	155	170	190
Return (\$ 000)		700	400	620	850	950
Total return (\$ million)		1.1	2.2	3.3	4.6	6.2
Return as % of previous year's investment		61%	52	52	51	56

* - In first year, investments will be smaller with less risk.

5. Programming Cost Summary

Including the returns from feature film investments, \$77.9 million will be available for producing and purchasing Canadian programs during the first years of operation to 1982.

This expenditure will break down approximately as follows:

Film investments	45.6	(58%)
Film purchases	10.0	(13%)
Screenplays	1.2	(2%)
Other programming	<u>21.1</u>	(27%)
	77.9	

Assumptions:

- Film investments will grow from an average \$700,000 per film in 1978 to \$1.1 million in 1982
- The \$2 million PTN loan will be returned over a 5-year period at \$500,000 per annum.

	1977	1978	1979	1980	1981	1982
<u>U.S. Features</u>						
Number purchased		81	81	78	75	72
Average cost per subscriber		23¢	30¢	31¢	32¢	33¢
Total cost (\$ million)		9.1	16.3	21.6	25.1	28.3
<u>Canadian Programs</u>						
Features purchased		4	9	10	11	13
Average cost per subscriber		20¢	21¢	22¢	23¢	24¢
Purchase cost (\$ million)		0.3	1.3	2.0	2.7	3.7
Features produced	7	6	8	10	11	12
Average investment (\$ 000)	250	700	800	900	1000	1100
Production cost (\$ million)	1.8	4.2	6.4	9.0	11.0	13.2
Screenplays	.2	.2	.2	.2	.2	.2
PTN loan repayments		.5	.5	.5	.5	.5
Other program costs	--	1.4	3.6	4.6	5.9	5.6
Total Canadian program costs	2.0	6.6	12.0	16.3	20.3	23.2
<u>Canadian Program Funds</u>						
From pay TV subscriptions	2.0	5.5	9.8	13.0	15.7	17.0
Returns to program fund	--	1.1	2.2	3.3	4.6	6.2
	2.0	6.6	12.0	16.3	20.3	23.2

DELIVERY ECONOMICS

The total task of delivering pay television to a national audience can be divided into two areas:

- ▶ The network functions of program preparation and distribution and marketing and administering the national service
- ▶ The exhibitor's functions of delivering the signal to subscribers' homes, securing the system, and administering the service at the local level.

This appendix discusses the economics of these two tasks. All figures are based on today's costs, with no provision for increases due to inflation.

NETWORK COSTS

1. Program Preparation and Distribution

Pay television signals can realistically be distributed by one of two basic methods*:

- ▶ Bicycling videotapes to an exhibitor's headend
- ▶ Transmitting a signal by satellite to an exhibitor's earth station.

In examining the costs of these two alternatives, we have assumed that:

- ▶ All cable operators with more than 1,000 subscribers will eventually participate in pay television
- ▶ 190 headends or earth stations will be needed, of which 20 will be shared by two or more cable operators.

* - Microwave distribution would be prohibitively expensive for national distribution.

If the bicycling method of distribution is chosen, then the network must make the further choice of in-house or outside tape preparation (dubbing).

- In-house dubbing would involve capital costs of \$420,000 or an equivalent annual cost of \$135,450 if amortized with interest of 15% over 5 years:

- A telecine chain and projector to take 16 mm and 35 mm film and adapt it for TV - \$128,000
- 4 IVC 960 Mark III machines to take the TV and produce master 1-in. tapes - \$100,000
- A system to dub 30 ¾-in. cassettes simultaneously from the film chain (3-year life) - \$150,000
- Test and repair equipment, furniture and fixtures, monitors, table connectors, racks, etc. - \$42,000

- In addition, the personnel and related accessories required for such an operation would cost \$171,000 annually:

- 1 facility manager	\$ 20,000
- 2 full-time technicians	\$ 32,000
- 3 operators	\$ 42,000
- 2 clerks	<u>\$ 20,000</u>
Total salaries	\$114,000
Plus 50% fringe benefits, payroll administration, facilities, power, insurance	<u>\$ 57,000</u>
Total personnel	\$171,000

► And additional costs would amount to \$787,350 per annum:

- Maintenance costs:

. 3 new heads for each 1-in. IVC machine	\$ 4,500	
. 3 new heads for each ¾-in. VTR	\$ 14,400	
. Other parts averaged over 5 years: \$1,000 for each 1-in. IVC	\$ 4,000	
. \$435 for each ¾-in. VTR	\$ 13,050	
. Telecine chain and projector	<u>\$ 13,600</u>	
. Total maintenance		\$ 49,550

- Shipping expenses:

. 1-in. tape - 20 centres, 160 lbs./month @ \$140 average, return	\$ 33,600	
. ¾-in. tape - 170 centres, 56 lbs./month @ \$55 average, return	<u>\$112,200</u>	
. Total shipping		\$145,800

- 2 shipping clerks, including 20% fringe benefits \$ 24,000

- Tapes:

. 1-in. tapes - \$125/2-hour tape 42 tapes/operator, 20 operators	\$ 84,000	
. ¾-in. cassettes - \$65/2-hour tape, 42 tapes/operator, 170 operators	\$464,000	
. Tapes for master copies and dubbing: 400 1-hour, 1-in. tapes at \$50/tape	<u>\$ 20,000</u>	
. Total tapes		<u>\$568,000</u>

Total additional costs \$787,350

Total in-house dubbing costs would therefore amount to \$1,093,800 per annum.

For dubbing bought from outside sources, on the other hand, total annual costs would be \$2,980,000.

► For ¾-in. cassettes (170 centres):

- 1st copy, feature length, French and English	\$ 450	
- Tape for 1st copy, 2 hours	\$ 130	
- 169 additional copies		
. 65 for dub	\$11,000	
. \$16.50 for tape (4 dubs/tape/year at \$66/tape)	<u>\$ 2,800</u>	
- Total for ¾-in. cassettes		\$ 14,380

► For 1-in. tape reels (20 centres):

- 1st copy, 2 hours, French and English	\$ 450	
- Tape for 1st copy 2 hours	\$ 140	
- 19 additional copies		
. \$65 for dub	\$ 1,235	
. \$17.50 for tape (4 dubs/tape/year at \$70/tape)	<u>\$ 335</u>	
- Machine rental - 2 days @ \$100/day	<u>\$ 200</u>	
- Total for 1-in. cassettes		\$ 2,360

► Total expenses per 2-hour show \$ 16,740

► Shipping expenses and shipping clerks \$169,800/annum

Assuming a need for 168 x 2 hours of programming per year, the annual cost would be \$2,980,000.

Distribution by satellite would be more expensive than bicycling with in-house dubbing, but could be less than bicycling with dubbing bought from outside sources.

Costs would include:

► Producing a broadcast quality television signal:

- Videotape dubbed by outside sources for \$582/tape French and English, or	\$ 98,000/year
- 3 two-inch playing machines to display the picture @ \$60,000 each, or	\$ 45,000/year
- 2 technicians for 12 hours' playing time	\$ 30,000
- Maintenance of recording equipment	<u>\$ 10,000</u>
- Total annual production costs	\$183,000

► And, two-channel satellite transmission capacity to permit flexibility in programming across the time zones in Canada:

	<u>Telesat</u>	<u>TCTS</u>
- The annual cost of 2 channels on Anik II satellite is	\$1,000,000	\$2,400,000
- The uplink required - annually	\$ 350,000	n/a
- Backhaul costs to get the signal from a studio in Toronto to the Allen Park transmitter	<u>\$ 500,000</u>	<u>n/a</u>
- Total annual satellite charges	\$1,850,000	n/a

Minimum satellite distribution costs would therefore amount to \$2,033,000 annually. (Added to these costs would be the charges for exhibitors' ground stations.)

2. Administration and Marketing

Salaries and expenses of the network staff are expected to be \$860,000 per annum once pay television is underway:

► Salaries:

	<u>Man-years</u>	
- Management	2	\$ 80,000
- Marketing	8	\$165,000
- Programming	5	\$115,000
- Operations	4	\$ 75,000
- Finance and administration	<u>4</u>	<u>\$ 75,000</u>
	23	\$510,000
► Fringe benefits @ 20% of salaries		\$100,000
► Office expenses including rent, equipment, supplies, travel, etc. @ 50% of salaries		<u>\$250,000</u>
Total administration costs		\$860,000

In addition, the network would promote pay TV through cable operators and directly to cable subscribers with a centrally administered marketing budget.

► An annual budget of the equivalent of \$.25 per cable subscriber is estimated to be sufficient to successfully administer the national marketing effort

► This would total \$800,000 in year 1, growing to \$1.1 million in year 5, with a reasonable projection of growth in cable penetration (see Appendix E).

In summary, the network function is most economically performed by the bicycling of in-house dubbed tapes.

TOTAL ANNUAL NETWORK COSTS (\$)

	Bicycling		Satellite
	In-house dubbing	Outside dubbing	
Amortized capital costs	135,450	-	45,000
Operating expenses	958,350	2,980,000	1,988,000
Administration costs	860,000	860,000	860,000
Marketing costs	800,000	800,000	800,000
Total annual costs	2,753,800	4,640,000	3,693,000

EXHIBITOR COSTS

1. Headend Equipment

At the headend, pay TV programming may be exhibited by the cable operator in a variety of fashions, depending on his equipment and the means of distribution.

► Most operators would probably play a dubbed $\frac{3}{4}$ -in. cassette on a console of videotape records:

- Cable systems with more than 5,000 subscribers would use stand-alone units consisting of 4 VTRs and hardware to automatically change, wind, re-wind, etc., all tapes

- Each stand-alone unit would cost \$42,100, and have a life expectancy of five years

- Systems with fewer than 5,000 subscribers would use 3 VTRs and changing, winding and rewinding tapes would be done manually

- Each manual system would cost \$10,600, and have a five-year life expectancy

► The capital cost of these two systems would be as follows:

	► 5,000 Cable Subscribers	≤ 5,000 Cable Subscribers
	\$	\$
. Sony 2,000 series ¾-in. VTRs	8,000	6,000
. 1 summit AVCS - 3,500 VTR controller, including queuing generator, monitor, switches	10,000	1,000
. Time base corrector	18,000	- *
. Racks	1,200	600
. Wiring	400	-
. Parts inventory	1,500	-
. 1 modulator	<u>3,000</u>	<u>3,000</u>
Total each unit	42,100	10,600
. Annual costs of capital equipment amortized over five years with 15% interest charges	11,580	2,915
► Annual maintenance costs would include:		
. 2 new heads for each machine	1,280	960
. Parts and labour, averaged over five years	2,000	2,000 **
. Facility, insurance, power	<u>1,500</u>	<u>750</u>
Total maintenance	4,780	3,710
► Provision for full-time operator	12,555	-
► Provision for part-time operator		<u>2,000 ***</u>
Total annual charges	\$27,885	\$8,625

* - Some smaller systems may install a time base corrector that would cost approximately \$8,000.

** - \$1,000 for systems of 1,000 cable subscribers.

*** - No provision for systems of 1,000 cable subscribers.

► Where operators of larger systems can share headend facilities, they may choose to play a 1-in. reel-to-reel tape of approximate broadcast quality

- Capital equipment will include:

. 1 Jerrold Commander 3 modulator	\$ 3,000	
. RF monitor, switches, wiring, installation	\$ 2,350	
. 1 video monitor	\$ 1,500	
. Parts inventory	\$ 3,000	
. Wave form monitor & vector scope	\$ 3,500	
. Time base corrector	\$18,000	
. 3 IVC 960 Mark III machines	<u>\$75,000</u>	
Total capital costs	\$106,350	
Amortization of capital costs (5 years @ 15% interest rate)		\$29,250

- Operating costs would include:

. Facility costs, power, insurance	\$ 5,000	
. 3 operators full-time at \$14,000 plus 20% fringe benefits	\$50,400	
. Maintenance:		
. 3 heads per machine	\$ 3,600	
. Spare parts of \$1,250/machine averaged over 5 years	<u>\$ 3,750</u>	
Total operating costs		<u>\$62,750</u>
Total annual costs		\$92,000

► Or, if the signal were distributed by satellite, all operators or groups of operators would receive the video signals via an earth station

- Each earth station would cost \$42,000 annually to lease
- Maintenance of each station would be minimal, and could be handled by existing technical staff. Assume annual maintenance costs of \$2,000.

The cost of the satellite/earth station alternative clearly exceeds the annual operating cost of a ¾-in. VTR system, putting it quite out of reach at this time.

2. Subscriber (Security) Equipment

Selection of security equipment is likely to depend on the size of any given cable system.

- ▶ Smaller operators with fewer than 7,000 cable subscribers have less stringent security requirements and are most likely to choose a positive trap device that removes a jamming signal accompanying the pay television signal
- ▶ Intermediate-sized operators with 7,000 to 15,000 subscribers would probably select a negative trap or filter system for its economic advantage and easy outside audit features
- ▶ Larger systems will seek a more secure device, such as a descrambler, as this is affordable with a certain size of system and will prevent the need for additional audit costs.

A brief explanation of each alternative follows . . .

The positive trap is economical, but is not considered hard security.

▶ Advantages:

- Low initial capital cost (it will be sold in Canada for \$10)
- It has a mechanism that will trigger internal self-destruction if a customer tries to move it

▶ Disadvantages:

- It is alleged that an FM tunable trap or CB tunable trap can be substituted to pick up the video signal
- Normal activities in a house may trigger internal destruction of the unit, thereby causing frequent customer complaints
- Higher operating costs as a result of the probable need to replace faulty or damaged traps (it is assumed there will be an annual failure rate of 25%, which will average \$4.40 per pay television subscriber annually)
- A headend encoder would cost \$2,500.

The negative trap requires a greater initial investment at low pay television penetrations, but is more secure.

► Advantages:

- Relatively low cost:
 - . Good-quality trap \$8
 - . Original installation \$3.75
- The negative trap once installed can be readily checked for illegal use on a system with fewer than 15,000 cable subscribers
 - . This audit will require one half man-year annually, or approximately \$3/pay subscriber
- As new pay subscribers are added, no new capital equipment is necessary
- With higher initial penetrations, initial capital costs are reduced

► Disadvantages:

- Low pay television penetration escalates per-subscriber costs
- Disconnects and connects are expensive - \$15 per occasion.

Descramblers are more expensive, but where affordable, offer greater security and flexibility.

► Advantages:

- Several levels of signals can be conveyed through each unit so that different pay rates may be established depending on the number of levels each subscriber wishes
- The technology is suitably proven, with a high degree of security

► Disadvantages:

- The customer may detach the unit from the set and reinstall it at another address to avoid payment
 - . Loss of boxes will average 6% per year or \$3.30 per pay subscriber
- They are more expensive than positive or negative traps
 - . Descramblers will cost from \$30-\$55 per subscriber, depending on the number of levels of channel capacity desired
 - . Installation will average \$5 per customer
 - . Disconnects will cost \$15 and all reconnects \$5
 - . A headend scrambler will cost \$4,500 per channel
 - . Maintenance costs will include a contract with the hardware supplier averaging \$1.15 per subscriber, and \$1.20 average to cover transportation to pick up and deliver faulty boxes (at 8% failure rate/annum).

Assuming a 20% initial penetration, the unit costs of each type of security device can be summarized as follows:

Security Device	Investment/Pay Subscriber (\$)			Annual Costs/Pay Subscriber (\$)		
	Capital Cost	Installation Cost	Net Capital Requirement	4-year Amortization and 15% Interest Rate	Operating Costs *	Total Security Costs
Negative Trap	32.00	18.75	50.75	15.50	3.00	19.50
Positive Trap	10.00	7.50	17.50	5.70	4.40	10.10
Descrambler	55.00	5.00	60.00	19.50	5.65	25.15

* - Includes theft, maintenance of scramblers and replacement of damaged positive traps.

3. Other Operating Costs

Additional annual costs incurred by all cable operators can be broken down as follows:

- ▶ Advertising and promotion will be \$1 per cable subscriber, which will average \$5 per pay subscriber at 20% initial penetration
- ▶ Bad debts will approximate 2% revenue, or \$1.92 per pay subscriber for a \$96 annual charge
- ▶ 30% churning rate will average \$6 per pay subscriber
 - Costs incurred for each churn include:
 - . \$15 disconnect
 - . \$5 reconnect
 - . \$10 marketing commission
 - . (\$10) installation fee
- ▶ CRTC licence fee at 1.5% gross is \$1.44
- ▶ Additional personnel for administrative purposes will cost \$6 per pay subscriber annually for systems with more than 7,000 subscribers
 - This cost is based on an estimated requirement of one person per 10,000 cable subscribers

These additional annual costs total \$20.36 per pay television subscriber.

In summary, the exhibiting costs are tabulated below for various sizes of cable systems. These costs allow 5-year amortization and 15% interest charges, and are based on an initial penetration level of 20%.

TOTAL MONTHLY COSTS/PAY TELEVISION SUBSCRIBER (\$)

Size of Cable System	Annualized Capital Costs			Operating Costs	Total Annual Costs	Total Monthly Costs
	Headend VTRs and Scramblers	Security Devices	Total			
1,000	31.58	5.70	37.28	18.76	56.04	4.67
3,000	18.53	5.70	24.23	18.76	42.99	3.58
5,000	11.12	5.70	16.82	18.76	35.58	2.96
8,000	18.19	16.50	34.69	23.36	58.05	4.84
15,000	9.70	16.50	26.20	23.36	49.56	4.13
25,000	5.82	19.50	25.32	26.01	51.33	4.28
50,000	2.91	19.50	22.41	26.01	48.42	4.04

To determine an average monthly customer charge, a 5% contingency factor was added to the average monthly costs of exhibition, weighted by the number of cable subscribers served by each system.

Size of System	% of Cable Population Served	Monthly Costs	Contribution
		(\$)	(\$)
1,000	.02	4.67	.09
3,000	.04	3.58	.14
5,000	.06	2.96	.18
8,000	.10	4.84	.48
15,000	.09	4.13	.37
25,000	.18	4.28	.77
50,000	.53	4.04	2.14
Total			4.17
Add: 5% contingency			.23
Total Monthly Charge			\$4.40

Canadian
Conference
of the Arts

Conférence
Canadienne
des Arts

Patron of Honour
His Excellency The Right Honourable
Jules Léger, C.C., C.M.M., C.D.
Governor General of Canada

President
Elizabeth Lane
National Director
John Hobday

Patron d'honneur
Son Excellence le très honorable
Jules Léger, C.C., C.M.M., C.D.
Gouverneur général du Canada

Présidente
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Le 28 septembre 1976

M. Guy Lefebvre
Secrétaire général
Conseil de la Radio-Télévision et
des Télécommunications canadiennes
Edifice Berger
100, rue Metcalfe
Ottawa, Ontario K1A 0N2

COMMENT
COMMENTAIRE

29

Cher Monsieur,

J'ai l'honneur de vous faire parvenir une copie de la lettre que nous envoyons aujourd'hui à Mme Jeanne Sauvé, ministre des Communications, pour lui faire part de la position d'un grand nombre d'associations impliquées dans la vie des arts sur l'affaire de la télévision payante.

Ces organismes sont le porte-parole de centaines de milliers de contribuables qui prient instamment le gouvernement de ralentir le processus d'implantation de la télévision payante et de tenir des audiences publiques avant la prise des décisions.

Je suis certain que les idées exprimées dans cette lettre seront de nature à vous intéresser.

Je vous prie d'agréer, cher Monsieur, l'expression de mes sentiments les meilleurs,

Le directeur général,

JOHN HOBDAY.

reçu par
SECRETARIAT

SEP 28 1976

C.R.T.C.

September 28, 1976

Hon. Jeanne Sauvé,
Minister of Communications,
House of Commons,
Ottawa, Ontario

Dear Madame Sauvé;

We, the undersigned contributors to the program production industries, believe that the structure of a PAY-TV system for Canada is of great national importance. We endorse the statements which you made on June 2, 1976:

" The establishment of pay-television service on a large scale is inevitable...On introduction into Canada, (it) must play its part to ensure the growth and development of the Canadian program production industry and the broadcasting system...We cannot lose this opportunity by focussing on new hardware or structures in isolation.
" ...we must take care that pay-television is introduced in an orderly and controlled fashion...there would be little reason to permit (its) introduction...if it were to develop in the same manner as the motion picture industry in Canada. "

The introduction of PAY-TV will have far-reaching implications for the entire Canadian film and broadcasting industries, with further ramifications throughout the musical, theatrical, writing, and other creative arts professions.

If handled wisely, the benefits for all these industries and professions, as well as for the Canadian viewing public, could be enormous. However, if hastily conceived production and distribution structures are allowed, they could have crippling effects on many aspects of Canadian self-expression.

Page 2...

As former Secretary of State Hugh Faulkner recently said:

" I cannot for the life of me feel much enthusiasm for this development if it is allowed to proceed carelessly...I am not prepared to have Pay-TV thrust upon us before we are ready to assure (certain) essentials...I am not ready to yield to pressure from enthusiasts whose main interest is in the large revenues they anticipate from this new system...

" In planning Pay-TV for Canada, we in the government need your advice. "

We respectfully suggest, Madame Minister, that the timetable for decisions on the introduction of PAY-TV in Canada is moving much too fast and we strongly recommend, in the interest of all Canadians, that it immediately be slowed down.

Time is what is needed most at this point - time for professional and public discussion and study. The three summer months originally allowed for the submission of briefs to the CRTC was inadequate, and the recently granted one month extension is insufficient.

We find it surprising that no public hearings have been scheduled in a matter of such overwhelming national significance. From the submissions received at the CRTC by October 1st, it is possible that a satisfactory model will emerge for a PAY-TV system which will benefit all Canadians. However, we believe that all submissions and models should be subject to full scale public hearings prior to any decision being taken.

What we do not need is simply another distribution system for foreign product, whether controlled by the public or private sector. Rather PAY-TV should promote Canadian social and cultural development for as many Canadians as possible.

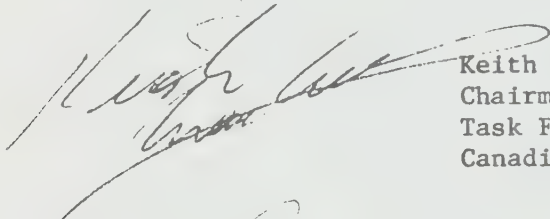
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Page 3...

We therefore urge, in the strongest possible terms, that:

- 1) The procedure for the introduction of PAY-TV in Canada, and all decisions regarding its structure, be postponed.
- 2) No decision be taken until public hearings on the structure of PAY-TV are held by the CRTC.

Respectfully submitted by the Co-ordinating Committee,



Keith MacMillan
Chairman,
Task Force on Broadcasting,
Canadian Conference of the Arts



Sandra Gathercole
Chairperson,
Council of Canadian Filmmakers



Stuart Marwick
Executive Committee,
Canadian Broadcasting League

On behalf of:

Advisory Committee on the Performing Arts (London)
Alberta Society of Artists
Alberta Theatre Projects
Algoma Arts Festival Association
Algonquin Regional Library System
All About Us/Nous Autres Inc.
American Federation of Musicians
Anna Wyman Dance Theatre

Art Association of Newfoundland
Art Gallery and Museum (Halifax)
Art Gallery of Nova Scotia
Art Gallery of Ontario
Arts Club Theatre
Arts Scarborough
Association des Réalistes de Film du Québec
Associated Manitoba Festivals
Association for Native Development in the Arts
Association of Canadian Orchestras
Association of Canadian Publishers
Association of Canadian TV and Radio Artists (ACTRA)
Association of Cultural Executives
Association of TV Producers and Directors (Toronto)(CBC)
Atelier des Réalisations Graphiques

Les Ballets-Jazz Contemporaine
Bastion Theatre
Battleford's Allied Arts Council
Board of School Trustees (District 20, Saint John, NB)
Brock University, Thistle Theatre
Burnaby Arts Council

Calgary Philharmonic Society
Canadian Actors' Equity Association
Canadian Association for Adult Education (E)
Consumers Association of Canada (E)
Canadian Authors Association
The Canadian Brass
Canadian Broadcasting League
Canadian Centre for Films on Art
Canadian Child and Youth Drama Association
Canadian Conference of the Arts
Canadian Crafts Council
Canadian Film and Television Association
Canadian Film Editors' Guild
Canadian Film Institute
Canadian Filmmakers Distribution Centre
Canadian Folk Arts Council
Canadian Guild of Potters
Canadian Home and School Parent/Teacher Association
Canadian League of Composers
Canadian Mime Theatre
Canadian Museums Association
Canadian Music Centre
Canadian Music Council
Canadian National Committee for International Council of Museums
Canadian Opera Company
Canadian Parks/Recreation Association
Canadian Puppet Festivals
Centrale d'Artisanat du Québec
Centre culturel de Shawinigan

Le Cercle Molière
Champlain Regional College
La Chasse-Galerie
CJRT-FM Inc.
Committee for an Independent Canada
Community Arts Council of Kamloops
Community Arts Council of Vancouver
Concours International de Montréal
Contemporary Dancers
Contemporary Royale
Content Magazine
Cornwall Arts Development Committee
Corporation de la Cité des Jeunes de Vaudreuil
Council of Canadian Filmmakers
Craftsmen's Association of BC
Creation 2
Canadian Union of Public Employees (Broadcast Division)

Dalhousie University Cultural Activities
Dalhousie University Music Department
Dance in Canada Association
Directors Guild of Canada
Ecole National de Théâtre du Canada/National Theatre School
Edmonton Opera Association

Fernie & District Arts Council
Fenière (Théâtre d'été) Inc, La
Festival Concert Society (Comox BC)
Fondation Touring Players Foundation, La
Floyd S. Chalmers Foundation
Folio Advertising Company Limited
Frog Print Theatre Inc.

The Gallery/Stratford
Gallery III School of Art
German-Canadian Council for the Arts
Glenhyrst Arts Council of Brantford
Globe Theatre Productions Limited
Les Grands Ballets Canadiens
Groupe de Danse Entre-Six, Le
Groupe Nouvelle Aire
Guelph Spring Festival

Hagerman, Jones & Company
Hamilton Place
Hamilton & Regional Arts Council
Inner City Angels
Jeunesses Musicales du/of Canada

Kelowna & District Arts Council

Langley Arts Council
Laurentian University, Department of Cultural Affairs
League of Canadian Poets
London Symphony Orchestra

Magnus Theatre North West
Manitoba Opera Association
Manitoba School for Theatre & Allied Arts
Manitoba Theatre Workshop
Maritime Art Association
Memorial University of Newfoundland Art Gallery
Mermaid Theatre
Montreal Museum of Fine Arts
Moulin des Arts
Mount Allison University, Faculty of Arts & Science

National Association of Broadcast Employees & Technicians (NABET)
National Ballet of Canada
National Ballet School
National Museums Corporation
National Youth Orchestra
New Brunswick Museum
North Vancouver Community Arts Council
North York Arts Council
Nova Scotia Designer Craftsmen
New Brunswick Youth Orchestra

Ontario Association of Art Galleries
Ontario Capher Dance Committee
Ontario College of Art
Ontario Crafts Council
E. C. Cosgrove, representing the Ontario Federation of Labour
Ontario Film Institute
Ontario Puppetry Association
Ontario Science Centre
Open Space
Orchestre Symphonique de Montréal
Organization of Saskatchewan Arts Councils

Pacific Brass Guild
Playhouse Theatre Centre of BC
Prince Edward Island Council of the Arts
Productions de l'Etoile Inc.
Professional Artists of Canada
Professional Art Dealers Association of Canada

Queen's University, Performing Arts Office

Rainbow Stage Theatre
Regina Modern Dance Workshop
Royal Canadian Academy of the Arts
Royal Hamilton College of Music
Royal Ontario Museum
Ryerson Polytechnical Institute, Theatre Department

Saint John Arts Council Inc.
Samuel & Saidye Bronfman Family Foundation
Saskatchewan Arts Board
Saskatchewan Dance Theatre
Saskatoon Public Library
7e Ciel Inc.
Shaw Festival
Simon Fraser University Centre for the Arts
The Smile Company
Société des Écrivains Canadiens
The Society of Canadian Painter-Etchers
Society of Film Makers
Southern Alberta Art Gallery
Southern Alberta Opera Association
St. Clair College of Applied Arts & Technology
Le Studio Théâtre
Swift Current Allied Arts Councils
Stratford Shakespearean Festival

Thames Arts Centre
Théâtre Action
Theatre and Arts Community Conference
Theatre Calgary
Théâtre d'Aujourd'hui
Théâtre du Pendule
Theatre London
Theatre Ontario
Theatre Plus
Toronto Dance Theatre
Toronto Mendelssohn Choir
The Toronto Symphony
Toronto Workshop Productions

Union des Artistes
The United Stage
University of Calgary, Faculty of Fine Arts
University of Guelph, Cultural Affairs
University of Manitoba School of Art, Theatre & Film Studies
University of Waterloo, Centre for the Arts
Upstairs Gallery

